

Microfinance, Gender and Empowerment:
Meeting Practical and Strategic Needs among Low-Income Women

By
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Abstract

Microfinance, Gender and Empowerment: Meeting Practical and Strategic Needs among Low-Income Women

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With the international community rallying behind microfinance's uplifting performance, microfinance has become nothing more than a mirage, distorting the realities of its empowering impacts. With poverty concentrated among women, microfinance has been proposed as a mechanism to empower low-income women. As the evidence of three prominent microfinance institutions (BRAC, *Pro Mujer* and FUCEC) in the Third World suggests, microfinance initiatives have been unable to move beyond meeting women's practical needs and have failed to address discriminatory practices inflicted upon women and the power imbalance that prevents women from accessing capital in the first place.

The evidence also indicates that microfinance will be unable to empower Belizean women, where microfinance initiatives are relatively less pervasive and developed.

June 23rd, 2011

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Acronyms

ADB	African Development Bank
ASA	Action for Social Advancement
AsDB	Asian Development Bank
BELTRAIDE	Belize Trade and Investment Development Service
BRAC	Bangladesh Rural Advancement Committee
BRDP	Belize Rural Development Programme
CA	Communal Association
CDB	Caribbean Development Bank
CGAP	Consultative Group to Assist the Poorest
<i>Conaudec</i>	<i>Comité national pour le développement des unions coopératives d'épargne et de crédit</i> (National Committee for the Development of the Savings and Credit Union Cooperative)
COOPECS	Savings and Credit Cooperatives
EC	European Commission
EHC	Essential Healthcare Program
FGM	Female Genital Mutilation
FINCA	Foundation for International Community Assistance
FINRURAL	Asociacion de Instituciones Financieras para el Desarrollo Rural (Associations for Financial Institutions for Rural Development)
FUCEC	<i>la Faîtière des Unités Coopératives d'Epargne et Credit du Togo</i> (The Holding Company for Credit Unions and Savings Cooperatives)
GAD	Gender and Development
GIES	<i>Groupements d'Interet Economique et Social</i> (Economic and Social Interest Groups)

GII	Gender Inequality Index
GoB	Government of Belize
HDR	Human Development Report
IMF	International Monetary Fund
IPU	Inter-parliamentary Union
MFI	Microfinance institutions
MRA	Microcredit Regulatory Authority
NGO	Non-governmental organization
NWC	National Women's Commission
POs	Programme Organizers
PWC	Post Washington Consensus
ROSCA	Rotating Savings and Credit Association
Service CE/E	<i>Credit Epargne avec Education</i> (Credit with Education)
SEWA	Self-Employed Women's Association
SHG	self-help group
SIB	Statistical Institute of Belize
STIs	Sexually Transmitted Diseases
UN	United Nation
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
USAID	United States Agency for International Development
VOs	Village Organizations
WAD	Women and Development
WAEMU	West African Economic and Monetary Union

WAGES	Women and Associations for Gain both Economic and Social
WID	Women in Development

Chapter 1- Introduction

Microfinance institutions (MFIs) have rapidly expanded their reach to many parts of the world and have developed programmes with the goal of empowering poor men and women. According to Bateman (2010, p.1), with the international development community impressed by the uplifting picture and outcome of microfinance, it has become an important policy and intervention tool for uplifting millions of disempowered people, especially poor women, from their undesirable situation. With the provision of tiny loans accompanied by training and educational programmes, microfinance programmes seem to be an effective means for “bottom-up” development and have opened up the possibility for women to advance their status in society.

Conceptual Problem

In 1995, the *Human Development Report* stated that, compared to men, women have a higher unemployment rate in almost all countries and that seventy percent of the 1.3 billion people living on less than US \$1 a day are women. Of the 900 million illiterate people in the world, women outnumber men two to one (p.4). In an effort to reduce these numbers, in September 2005 the World Summit 60th High-level Plenary Meeting of the United Nations' General Assembly gathered 151 heads of state at the UN headquarters in New York City. It created the opportunity for countries to renew their commitment to reaching the Millennium Development Goals (MDGs), which primarily aim to eliminate poverty (UNCDF, 2005b, p. 6). Greater stimulus was added when the international development community perceived microfinance as an effective poverty reduction tool. In 1997, the Microcredit Summit Campaign launched a nine-year campaign to reach 100

million of the world's poorest families, especially women, with credit for self-employment, business and financial services by 2005 (Microcredit Summit, 2009). In 2006, the second phase of the microcredit campaign had two goals. First, by 2015, 175 million of the world's poorest families, especially the women of these families, will receive credit for entrepreneurial ventures, self-employment and other business services. Second, by 2015, 100 million families will no longer subsist on US \$1 per day (Latfee, 2006, p. 4).

As microfinance services flood developing areas, experts and professionals of microfinance must be attentive to the sources of poverty. Giving poor women credit, as a mechanism to increase the welfare of the home and alleviate poverty, will produce limited results because of the low value placed on women and the work they do. Therefore, it is important to understand the power relations within homes (and beyond) that impede women's advancement in the home and society.

Ellis (1986) paints a vivid picture of the strained and unbalanced power relations between Caribbean men and women. She states that men perceive women as greedy and demanding because of their "constant demand for money," while women perceive men as irresponsible partners. Many of these tensions have their origins in economic issues, but they are also very much tied to social expectations for both sexes (p. 71). Hence, it is important that microfinance, or any other development project, seek to address the inequalities in the home that hinder women from meeting their needs and interests within their particular communities.

The United Nations 2005 Report states that the achievement of gender equality is a precondition to achieving many goals, including the elimination of poverty, reduction in hunger and the elimination of the gender gap present in education by 2015 (p.1). If current power relations between men and women are not challenged and changed, it will continue to create a legacy of bitterness for women and will maintain an asymmetrical balance of power in favour of men and foster a society of inequality that will hinder growth and fair development for everyone. It does not matter what projects arrive in the future, if women's survival needs as well as their need to live in an equitable society are not met, every project will fail and significant reductions in poverty or the creation of sustainable financial institutions will never be achieved.

Objective

The primary aim of this study is to explore conditions that can empower low-income women who engage in microfinance projects, in an effort to tailor the conditions to a Caribbean context, especially in Belize. As a Belizean woman, I would like to understand how microfinance initiatives will play out in the Belizean context, where the concept of empowerment is still elusive for many women. Because of the paucity of data on the Belizean microfinance sector, I chose to draw upon studies that focused on the Caribbean region as a whole and in three other countries where sufficient data exist to sufficiently evaluate the likely impact of microfinance in Belize.

It is important to understand the definition of empowerment in microfinance and how it can improve women's agency and access to resources, and create valued outcomes.

Unit and level of analysis:

The units of analysis are (1) three microfinance organizations and (2) the rules of society that structure (a) how men and women interact with each other and (b) how microcredit borrowers interact with one another and with lenders.¹ The three prominent microfinance institutions chosen are Bangladesh Rural Advancement Committee (BRAC), *Pro Mujer* and *la Faîtière des Unités Coopératives d'Epargne et Credit du Togo* (FUCEC) due to their decades of experience in the microfinance industry and their focus on poor women.²

Methodology

This study focuses on the potential of microfinance to empower low-income women. Using the Gender and Development (GAD) approach to frame the analysis, the ultimate aim is to evaluate the potential contributions of microfinance in Belize and answer the central question: can microfinance empower low-income women. In order to meet these goals, I will employ what Berg (2009, p.328) calls the comparative case study approach that involves multiple case studies for the purpose of “cross-unit comparison.”

I focus on three reputable MFIs operating in three different countries (Bangladesh, Bolivia, and Togo) in order to evaluate the potential gendered impacts of microfinance initiatives in Belize. The rationale for this approach is four-fold. First, all three institutions have existed for more than two decades. In the case of BRAC in Bangladesh,

¹ Rules of society: particularly in the context of Bangladesh, Togo, Bolivia and Belize among low-income men and women.

² Pro Mujer: Pro Women; FUCEC: The Holding Company for Credit Unions and Saving Cooperatives

it has been in operation for 39 years. Bangladesh is also the birthplace of microfinance as it exists today. A wealth of literature already exists on these institutions and the impact of their programmes on female empowerment. Thus, it is not necessary to replicate existing research or conduct group or individual interviews. This extensive coverage will help to meet my objective by highlighting patterns within the Belizean context.

The Belizean microfinance sector, in contrast is relatively nascent. Given the constraints that my fellowship places upon conducting field research in Belize and the lack of existing studies on microfinance in the country, I draw upon analyses of more established institutions and analytically assess the likely impact that microfinance will have upon gender relations in the Belizean context. Mattingly (1991, p.431) asserts that case studies can bring great insight into what people have already experienced, providing a forward glance that will help the reader to anticipate situations before they are encountered, thus, allowing researchers to envision a different future.

Second, the study will highlight the flawed notion that women are a homogenous group. Distinctive cultural norms will inevitably produce distinctive empowerment outcomes through microfinance programmes. Mikkelsen (2005, p.92) states that case studies can often focus on distinct cases; therefore, generalization from the studies must be done carefully. Each of these institutions have generated different empowering impacts (either positive or negative) on poor women and have had distinct responses to addressing poor women's strategic and practical needs. Understanding these different impacts and responses will help to bring insight into what conditions were conducive to empowerment

and what conditions exacerbated poor women's plight within a particular context, at the same time, highlighting any similar trends across the countries, possibly providing a context for the potential of microfinance in Belize.³

Third, the examination of these case studies will help to illuminate the concept of empowerment within each MFI. Each of these institutions claims to have empowered poor women, but how does each institution define empowerment for poor women within their given context? In all three institutions, female clients have been able to participate in economic, political and social spheres of life that they were previously excluded from; but has microfinance moved beyond addressing practical needs to addressing strategic needs? Through the examination of these MFIs, I hope to answer those questions.

Fourth, analyzing multiple case studies helps to illustrate some of the best practices that MFIs are implementing. For Yin (2003a, p.46) multiple studies are considered more compelling and support a more robust study. In the end, case studies serve as support to the actual research (Berg, 2009, p. 326). All three institutions have financial as well as nonfinancial services and examining the effectiveness of these programmes in attracting and keeping poor women clients is important in understanding the conditions that make researchers and microfinance practitioners claim that microfinance empowers poor women.

³ Bangladesh, Togo and Bolivia have distinctive features from Belize in terms of infrastructure, culture, political climate, but the goal is to see how microfinance plays out in each setting.

Data limitations

McTavish and Loether (2006, p. 207, 208) list several potential problems that researchers may encounter when using secondary data. The list includes an inadequate sample size, the lack of relevant information for the study, inappropriate classification, the presence of bias, unaccounted for data preparation errors and/or obsolete data. Despite these potential problems and the probability that many of the scholarly secondary research I draw upon may suffer from some of these flaws, this is the best available data I have at my disposal to exercise judgment. The objective is to identify emerging trends and themes in the multiple case studies examined and analytically project the results upon a Belizean context.

Admittedly, one concern is categorization. Empowerment is a function of several qualitatively distinct variables and can take a variety of forms. However, it is not necessary to present all the possible forms of empowerment women can experience in the social, economic, political or private (domestic) sphere of their lives.⁴ Because I am examining different cultures and drawing upon multiple sources, each with different conceptualizations of empowerment, a comprehensive and exhaustive list of empowerment variables is neither appropriate nor plausible. Therefore, I will employ the variables that often researchers have used in their studies that they deemed relevant to each particular context studied.

⁴⁴ The private sphere throughout this thesis will be understood as the domestic sphere.

Further problems may arise due to the absence of current data on impact assessments on microfinance programmes. In the case of Togo, because of political instability over the last thirty years, few high quality studies on MFIs have taken place. This problem can be partially overcome by understanding Togo from a regional perspective. Togo is a member of the eight-nation West African Economic and Monetary Union (WAEMU) and more research has been done on the region than on Togo in particular. All of the West African countries in this union are of a francophone background and share similar cultural norms and socio-economic characteristics. Therefore, I have broadened the scope of research to incorporate studies done not only in one particular MFI, but also to look at other credit services in the same area.

Finally, the lack of relevant data limits me from exploring the diverse cultural backgrounds of each woman who partook in the studies that I analyze. Without any clear indication, I am unable to identify who paid for the study or who constituted the sample size in terms of language, race, religion and ethnicity within each country. However, I explore these hierarchies on a broader level among four culturally different countries.

This qualitative, comparative research method draws data from secondary sources such as journals, newspaper articles, the institutions' websites and their annual program publications, online databases and international agencies such as the World Bank, International Monetary Fund (IMF) and the United Nations and their different branches. Admittedly, many limitations exist with secondary data, but the limitations do not significantly cloud the conclusions of this study. Overall, the information gathered is

sufficient to answer the central question of this study: under what conditions can microfinance empower low-income women and does it hold the potential to empower poor women in Belize?

Thesis Statement

The argument that will drive this thesis is that, in and of itself, the practice of microfinance does not empower poor women. Microfinance produces marginal benefits for poor women by generally meeting their practical needs, but it does not address their strategic needs, which are the source of women's disempowerment. Regardless of the theoretical approach it embraces, it does not challenge the existing asymmetrical relations between men and women.

The analysis of empirical evidence leads to two key conclusions. First, MFIs do address and generally meet the practical needs of low-income women, but are unable to address or meet low-income women's strategic needs. Second, microfinance cannot empower low-income women because it fails to challenge power relations between women and men.

The Outline of the Thesis:

The following chapter provides the theoretical underpinnings of the three most prominent feminist theories of development and weaves them into an analysis of microfinance, low-income women and empowerment. It will shed light on the (misguided) reasons for the popularity of microfinance and its purported

accomplishments of empowering women. Drawing upon feminist theories of Gender and Development (GAD), Women in Development (WID) and Women and Development, I analyze the reasons that MFIs target low-income women and present arguments that microfinance needs to go beyond addressing and meeting women's survival needs.

Chapters Three, Four and Five present the three cases studies of microfinance initiatives—BRAC, *Pro Mujer* and FUCEC—that provide the empirical data for this analysis. Each chapter describes the gender particularities within the given society of focus, provides a brief overview of the microfinance sector, and lists the respective accomplishments and failures of each program.

Chapter Six evaluates the outcomes of these microfinance programmes and assesses whether the practice is likely to empower low-income women in Belize. I find that although gender discrimination is a common feature in all of the countries studied, the relatively high standard of living experienced by Belizean women decreases the likelihood that microfinance will empower poor Belizean women more than it did their counterparts in Bolivia, Bangladesh and Togo.

Chapter Seven interlaces the theoretical underpinnings and empirical evidence from each chapter and reiterates the conclusions of this thesis.

Chapter 2 - Analytical Literature Review

Introduction

With poverty still rampant in the world and unbalanced power relations pervasive in gender relationships, microfinance is seen as a tool that can solve many of the poor's problems and empower the disempowered. Basu (1996, p.3) observes that microfinance is a new trend and like any new "development fashion" it has become widely celebrated in theoretical and practical discourse, but with no blueprint to be found for any situation other than the one where it originated. With no blueprints to follow, only case studies of particular microfinance initiatives, every context will present particular needs of poor women and constraints they face.

Throughout this thesis, I analyze the conditions under which microfinance can empower low-income women. Therefore, it is important to highlight the different needs between men and women that require equitable treatment. Men and women (within their given context) will need different degrees of resources and support to equally participate in society. In order to understand whether women clients of MFIs are truly empowered, from henceforth, I will use Moser's (1989, p.1803) definition of women's practical and strategic needs:

Practical gender needs are needs which are formulated from the concrete conditions women experience, in their engendered position within the sexual division of labour, and deriving out of this practical gender interests for human survival....[and] strategic gender needs are those needs which are formulated from the analysis of women's subordination to men, and driving out of this

the strategic gender interest identified for an alternative, more equal and satisfactory organization of society than that which exists at present, in terms of both the structure and nature of relationships between men and women.⁵

Molyneux (1985, p.233) identifies strategic needs as the elimination of the sexual division of labour; the reduction of women's burden in the home and with childcare; the removal of institutionalized forms of discrimination that include women's right to own land or property, or access credit; the institution of political equality and sexual reproductive rights; and the adoption of strong protective measures against male violence and control over women.

Practical needs arise out of the concrete conditions of women's lives and need immediate attention such as food, water, shelter, healthcare and education (Connelly, Li, MacDonald, Parpart, 2000, p. 63).

Moser's (1989, p.1801) categorization of the triple role of women: reproductive role (childbearing and rearing), productive role (as secondary income earners) and community managing role (supplanting the state's role in providing adequate basic resources) relates to what extent these roles are relied upon to meet women's practical and strategic needs in the development process.⁶

⁵ For more on the distinction between women's practical and strategic needs, see also Molyneux, (1985, p. 232-233). For Molyneux (1985) these needs are identified as interests.

⁶ Productive Role: Women are not necessarily always secondary income earners, but within the context of the three cases studies the women take on a secondary role as income earners.

To strengthen the argument, I will employ the theoretical lens of Gender and Development (GAD) which currently incorporates different aspects of earlier theoretical approaches: Women in Development (WID) and Woman and Development (WAD). It also focuses on the economic system which constructs available choices for women and men. I have opted not to use the WID or WAD approach due to their limitation in analyzing the nature of women's subordination. At the onset of the 1980s, feminists criticized the WID liberal approach for not considering the capitalist nature of development and the origins of gender inequality. On the other hand, the socialist WAD approach did question the development process that women were pushed into and argued that the relations of capital and, ultimately, class relations were at the core of understanding women's oppression (Hamilton, 2007, p.51). Unfortunately, their small-scale, women-only projects, the marginalization of many women-only organizations, and their tendency to generalize the experiences of women failed to create transformative effects for women (Connelly, *et al.*, 2000, p.60, 61).⁷

The GAD framework addresses these short-comings—and adds power and difference to WAD's class and capital analysis (Chowdhry, 1995, p.39). GAD is by no means a perfect framework, but it is the most appropriate framework for addressing my core question that is under what conditions can microfinance empower women. This approach will be useful to illustrate the unequal distribution of resources among women and men, moving beyond the economic analysis that WID and WAD emphasized. It will also bring to the

⁷ Scholars and activities of WAD argued whether women's organizing should be integrated into mainstream agencies and projects or be separated from the mainstream agencies and run the risk of further marginalization and insufficient funding (Connelly, *et al.*, 2000, p. 60).

surface the multiple realities of poor women and an empowerment perspective that supports development that is more squarely embedded in the particular experiences women and men in the South face. More importantly, GAD focuses not only on women but also on men, allowing men to understand their role in women's subordination. GAD argues that the lack of resources is not the problem or is it enough to empower and improve the lives of women (Mayoux, 2002b, p.40, 7; Rahman, 1999a, p. 68; Miller and Razavi, 1995, p. 28).

It has been an influential lens for other scholars as well, in particular Mayoux (2002b, p.16, 17) who advocates a feminist paradigm under which microfinance needs to operate. Concepts of equity, empowerment and equality are all embedded within the feminist paradigm that is needed to comprehend women's experiences in microfinance. She defines empowerment as the "transformation of power relations throughout society" and sustainability as the development of self-sustaining women's organizations linked to broader women's movements focusing on transforming gender relations. In the feminist paradigm that microfinance should operate under, participation is an end allowing women to collectively voice their needs and interests organizing around the transformation of gender relations. Thus, fundamental change must occur at the macro-level so as not hinder support for the elimination of gender subordination at the micro-level. This feminist paradigm is an "entry point" for women's empowerment at an economic, social and political level, an entry point that must not delink itself from gender awareness and other organizations (Mayoux, 2003, p.8).

While critics believe that GAD rarely challenges Western and modernization goals, it does create the context to do so (Parpart & Marchand, 1995, p.14). It is within this context based on power and difference that I hope to explain the possibilities of microfinance as a complementary development tool for other development projects.

First, I will define and explain the conceptual differences between microfinance and microcredit. Then, I will present a synopsis of the theoretical underpinnings of microfinance that highlight the international and scholarly debate about the rationale behind targeting the economically active poor (those who have skills and control over their resources) versus the poorest of the poor who lack skills and resources.

Following my discussion of the theoretical underpinnings of microfinance, I will weave into the analysis two feminist theories Women in Development (WID-liberal/neocolonial approach) and Women and Development (WAD- socialist feminist approach) to explain why since the 1970s the welfare, equity, anti-poverty and efficiency approach dominated development projects despite their inability to transform relations of inequality.

According to Drolet (2010, p.216), these feminist perspectives will help to explain the assumptions and practices used in microfinance and how its implementation is rooted in the feminist theories development organizations adopt.

Before I delve into the theoretical framework of GAD, I will address empowerment across different socio-economic levels among poor women in microcredit groups and

analyze empowerment through three concepts: agency, resources and achievements. I will also discuss different forms of power as laid out by Rowland (1997) and three dimensions of empowerment as laid out by Williams, Seed, Mwau (1994).

In the final two sections, I will bring together the key components of my argument which is women, gender, microfinance and empowerment. I will explain why GAD is the best lens for complementary development tools such as microfinance projects to operate under, identify the ways in which GAD differs from its predecessors (WID and WAD), and list ways forward in microfinance.

What is Microfinance and the Different Categories of Microcredit?

The conceptual difference between microfinance and formal banking is that a formal banking system is geared towards providing services to rich urban customers, while microfinance is usually geared towards the rural poor who desire to establish a small business in the informal economy (Elahi and Rahman, 2006, p. 479). Unlike microcredit organizations, profit is not its driving force and is generally facilitated via NGOs.⁸ Microcredit organizations also offer fewer services and concentrate more on loan distribution and repayment of these loans (Elahi and Rahman, 2006, p. 477).

Elahi and Rahman (2006, p.477) define microfinance as a development approach that provides financial services such as credit, savings, and insurance services as well as

⁸ Since profit is not driving the force, generally members of the organization and Board of Directors drive the interest of the organization.

social services that become leverage through which groups mobilize and vocalize their concerns and aspirations to policy makers, while building self-confidence. Robinson (2001, p.9) defines microfinance as small- scale financial services, primarily credit and savings provided to people who engage in small- scale business activities such as farming and fishing and other small enterprises that produce, repair or sell goods; generally these entrepreneurs generate multiple incomes from renting small portions of their land and renting vehicles, animals, machinery or tools to local individuals or groups in both rural and urban areas. For the purpose of this study, I will use Elahi and Rahman's (2006) definition of microfinance.

A MFI may take the form of a bank, cooperative, credit union, non-governmental organization (NGO), or a non-bank financial intermediary. Mohamed Yunus, founder of the Grameen Bank, states that microcredit [and microfinance] must be discussed within the appropriate microcredit category. He identifies the following ten microcredit providers: (1) traditional informal microcredit, such as moneylenders, pawn shops, friends or/and relatives; (2) microcredit based on traditional informal groups such as ROSCA⁹; (3) microcredit through conventional or specialized banks, for example agricultural credit; (4) microcredit through co-operatives, such as credit unions; (5) consumer microcredit; (6) bank partnership microcredit; (7) NGO partnership

⁹ Rotating Savings and Credit Association (ROSCA) is an informal way to save and borrow [a popular method of saving among low-income groups in the developing world, but is used throughout the world and by different classes of people]; each member contributes the same amount at scheduled meetings and one member takes the entire sum until each member has gotten a chance to take the lump sum.

microcredit; (8) Grameen microcredit; (9) other types of NGO and non-NGO microcredit; (10) non-collateral microcredit (Yunus, 2004, p.11).

Microfinance: An Intervention Strategy and Policy

In 1997, microcredit became an international phenomenon bringing together 137 countries 2,900 delegates and 1,500 organizations from around the world to celebrate the first ever Microcredit Summit (Microcredit Summit, 2009, para.15). Yunus announced that “this summit is a grand celebration [...] celebrating the freeing of credit from the bondage of collateral [... saying] good-bye to the era of financial apartheid [...] credit is more than business. Just like food is; credit is a human right” (Yunus, 1997, para. 3). Since then, the core themes of the campaign have been about reaching the poorest, empowering women, building financial self-sufficiency and ensuring social impact (Microcredit Summit Campaign, 2009). By the late 1990s, the term microfinance was coined (Elahi & Rahman, 2006, p. 477).

The international frenzy did not end there. In 1999, the United Nations General Assembly designated 2005 as the international year of microcredit, in an effort to raise awareness of the effectiveness of microcredit and microfinance (UN, 1999, p.1). It appointed the United Nations Capital Development Fund (UNCDF) advisor for policy and center for technical assistance for microfinance for the United Nations Development Programme Group (UNDP), to develop, with the help of member countries and other stakeholders, a worldwide programme for the year (UNCDF, 2010, para. 3.)

Amidst this international rave, scholars were debating how and why to integrate the poor into the formal sector; hence the informal sector became the new medium to address poverty. Simanowitz and Walter (2002, p.22) and Johnson and Rogaly (1997, p.24) agree that the informal sector is an important aspect of poor people's lives that cannot be overlooked. Poor people do encounter opportunities to invest in working capital and/or productive assets such as animals or equipment; but their consumption patterns may vary throughout the year and households may need lump sums of income to purchase large goods such as clothing or to make monthly food purchases. The poor also experience the same unpredictable life events such as natural disasters and accidents, sudden deaths and illnesses and random crime (Simanowitz and Walter, 2002, p. 22; Gifford, 2004, p.73).

Wright (2000, p.133-134) argues that the poor's limited financial options increases their likelihood of repayment and compliance with loan terms since doing so ensures their access to future loans. As a result, the poor become an easy target in terms of loan recovery compared to the rich, educated elite who have access to an array of credit channels.

Simanowitz and Walter (2002, p.47) claim that everyone, even the extreme poor, can save; everyone has some source of income whether irregular or regular. Therefore, loans should be given based on the borrowers' ability to save and their total savings as well as the borrower's business potential. Increased savings enable the poor to manage debt more effectively and to reduce their vulnerability and risk, while creating a reliable source of income in the event that a business fails.

Robinson (2001, p. 8, 18), on the other hand, argues that commercial finance cannot help those living in abject poverty, but only those who have skills and employment opportunities. Those living on less than a dollar a day (the extreme poor) should not be given credit; instead they should be integrated into subsidized programmes that will help them to stabilize their incomes before they gain access to credit. Robinson (2001) claims that credit can be a useful tool for the economically active poor, who possess marketable skills, have control over their asset earnings and who are creditworthy or who can become creditworthy.¹⁰

Others like Elyachar (2002, p.508) and Bateman (2010, p.154, 155) completely reject microfinance and simply perceive it as an underdevelopment tool. Elyachar (2002, p. 495-496, 500, 508, 511) argues it is a safety net to compensate for structural adjustment programs. It is charity speaking the language of capital and a new tactic to integrate the informal sector, initially seen as “backward.” She states that cultural practices of the poor are now perceived simultaneously as a way for the poor to help themselves and the economy. Bateman (2010, p.1) argues that microfinance hinders sustainable economic and social development and is simply a poverty trap for the poor.

WID: Microfinance and Women. Why target Poor Women?

As the debates continue, funding for microfinance is not abating, so I turn to four approaches: welfare, equity, anti-poverty and efficiency that attempt to explain why

¹⁰ For more on the poor’s ability to control and use credit see Montgomery and Weiss 2005, p.6

microfinance is still perceived as an important intervention for poor women to escape their disempowerment.

Welfare, women and the home

After World War II, the welfare approach emerged from the social welfare model under colonial administration as the earliest approach to address the needs of Third World women which solely took into consideration the reproductive role of women as mothers and their practical needs. It had its roots in the modernization theory (Moser, 1993, p.56).¹¹ Enloe (1989 cited in Chowdhry, 1995, p.27) argues that in neo-colonial discourse, Third World women are viewed as senseless individuals occupied with trivial domestic affairs rather than relevant public issues, an intentionally oppressive structure and role for Third World women created by Third World men. Women uniform experiences and blind, unquestionable acceptance of their male counterpart roles, reinforced the image of ignorance and acquiescence.

Added to this image are the labels of child bearer and primary caregiver. Kabeer (1994, p.17) observes that given internal and external constraints to advance, it seemed rational for women to specialize in domestic labour, which suits their role as caregivers, while men acquired skills that complement their rational, objective, competitive and aggressive characteristics. The welfare approach contended that women contributed to development

¹¹ Modernization theory views traditional societies as modern when they increase technological development and change their values, attitudes and institutions to reflect “modern” values of hard work, saving, efficiency and enterprise. It was developed in the 1960s to explain why some countries achieved economic development and why some failed (Rostow, 1960). Modernization would accelerate economic growth, increasing men’s productive capacity in the labour force (Moser, 1993, p. 59).

by remaining mothers, which allowed them to meet their practical gender needs through their reproductive role: food and nutritional assistance and family planning (Moser, 1989, p.1807).

What propelled this notion was the perception of women as better family planners.

Torben, Rosenbluth, Soskice (2005, p.220, 221) observed that if skills were general, allowing them to be more transferable, employers would be indifferent to training males or females; however, skills are very specific. Therefore, employers are more likely to discriminate against women because of pregnancies, giving birth and raising children [which disrupts women's market involvement], underscoring women's labour as less marketable, re-enforcing the sexual division of labour. Becker (1965, p. 510) argues that since women are usually the first to receive aid and are better at family planning, which is an intense, unproductive activity and uses hours that could have been used at work, their comparative advantage resides in the home.¹²

The Special Unit on Microfinance of the UNCDF has asserted that women's success has a positive domino effect on everyone in the household and stated that several institutions reported the well known fact that women are more likely to spend their money on their households than men (Deshpanda, 2001, p.15). Wright (2000, p.134) states poor women have proven to be better at saving and repaying loans, since they are more inclined to reinvest into the business. Naila Kabeer observes that "there are sound reasons why

¹² Comparative advantage: a person can be considered the best at something if he or she produces it at a lower cost; having a lower opportunity cost

women's interests are likely to be better served by investing effort and resources in the collective welfare of the household rather than in their own personal welfare," but she cautions that this may not always be the case when women become empowered (1999, p. 49) and organizations must be ready for this when it occurs (Cheston & Kuhn, 2002, p. 172). A woman may actually disappoint many by investing in herself. Women invest in the household because it is expected of them coupled with few opportunities that exist outside the home and the neglect of her needs. In the end, a woman's job is to protect the welfare of the home, indirectly contributing to development through her reproductive role.

Although the initial intentions of microfinance institutions may seem sincere, the outcomes for women are not in their favour. Mayoux (2003c, p.25) rightly articulates that as microfinance expands, the original aim is thwarted from increasing poor women's access to services to simply targeting women as a means to direct microfinance services into the household. Targeting poor women may seem innocent, but it simply increases the poor woman's burden for repayment of loans and may force some into selling the little capital they have to meet loan payments (Mayoux, 2007, p.44; Mayoux 2003c, p. 54).

Equity, human rights, equality and empowerment for all except women!

Another reason for targeting poor women is linked to the idea that women's rights are human rights. After the failure of the welfare approach to integrate women into the development process as better mothers, by the 1970s, WID's perspectives (inspired by Boserup's book *Women's Role in Economic Development*) criticized the modernization

theory for ignoring the needs of women and argued that women need to be equal partners in development (Boserup, 1970, p.xiv, xxiii, 139; *See also* Rathgeber 1990, p.491). Boserup's work highlighted the importance of women in development and brought awareness to governments and agencies their neglect of women (Rahman 1999b, p.14, 15). WID advocates emphasized women's issues as an important development focus—in theory and practice; thus linking it to the productive role of women as participants in the process of economic growth (Buvinic, 1983, p.20) which challenged the notion that women were simply welfare recipients (Miller and Razavi, 1995, p.4). Women were now the “missing link” in development (Tinker, 1990, p.31). During this time, the perception of women changed from what Narasaiah (2006, p.20) described as “being a Cinderella-like, hard-done-by person, the poor soul, the victim, to a dynamic, reliable actor with apparently inexhaustible reserves of energy and creativity to bring to bear in a development process that [...] got stuck.”

In order to capitalize on the idea that women's rights are human rights, the 1975 World Conference of the International Women's Year in Mexico City and the United Nations decade for Women (1976-85) played an important historical role in highlighting the economic and social contribution of women to development. WID ideology became associated with many NGOs and government projects geared towards improving educational and employment opportunities for women, advancing equal opportunities for political and social participation, and increasing the provision of health and welfare services. It demanded social justice and equality for all women (Miller and Razavi, 1995, p. 2).

However, the WID approach has its roots in two modernist discourses: colonial discourse and the liberal market discourse (Chowdhry, 1993, cited in Chowdhry, 1995, p.26). Colonial discourse is based on the privileging of Europeans at the economic, political, social and cultural level while generalizing the experiences of Third World and Third World women. Liberal discourse perceives the Self as the Subject, a free agent with many equally entitled options before him or her; therefore individuals are able to define their own freedoms, oppressions and limits. The Self is free to create its own destiny, free from external constraints or the Other, including the state (Bernard, 2008, p. 9).

Unfortunately, women, especially poor women, do not define their own limits, freedom or oppression. Instead, many opportunities, choices and actions are restricted by the Other, in this case a male dominated system (Bernard, 2008, p. 11). Post-colonial liberalism may have created opportunities for women in the public sphere (outside the domestic arena), but its ideas have constructed a gendered division of labour (Barriteau, 1998, p. 455), leaving women to exercise their bargaining power in the domain they know best: the private sphere as “childbearers and childrears” (Mohammed, 1995, 29).

Kabeer (2005, p.14) argues that alternatives for women must exist and more importantly must be “seen to exist.” Unbalanced power relations are most effective when alternatives foster an unquestioned acceptance of power under which gender relations operate.

Women, who accept their lot by accepting violence at the hands of their spouse and forfeit their claim on household resources, do so because to behave otherwise is an unknown possibility.

Boserup's model of integration of women into the market was incompatible with the diverse realities of women lives and carried the assumption that poor women's strategic needs would automatically be met once their practical needs were met. Johnson's (2005, p. 229) study in Malawi showed that equality is still an elusive concept for poor women who are unable to define their own limits, freedoms or oppressions. She studied 348 informants and 249 clients who were affiliated with the FINCA Malawi microfinance projects.¹³ At first glance, members of the microfinance NGO had higher levels of revenues and profits, greater business diversity, more working capital and paid employment (Johnson, 2005, p. 223).

However, a deeper look into women's living conditions, unveiled difficulties embedded in gender relations. Since women's social networks, essential for obtaining good quality goods at reasonable prices, were less developed than those of their male counterparts, women found it difficult to enter new markets and were more vulnerable to harassment. Their mobility was also constrained due to household and childcare responsibilities. Furthermore, their productive role created resistance from men, who perceived women as promiscuous beings when they engaged in business ventures too far away from home (Johnson, 2005, p. 234). Even when women employed young boys to sell their goods,

¹³ In 1984 John Hatcher, founder of Foundation for International Community Assistance (FINCA) International, embarked on the idea to help very poor Bolivian families with small loans to increase the profitability of their small-scale businesses. Through village banking, these small loans would empower them to create their own jobs, increase their incomes, accumulate assets, and raise their household's standard of living. Neighbours would come together in financial support groups called "Village Banks" (FINCA International-Microfinance and Village Banking, 2010, para. 3).

they had a difficult time controlling them (Johnson, 2005, p. 234), echoing the welfare approach that promoted women as household guardians.

Even after poor women had access to loans and established businesses, gender norms played a key role in hindering their businesses' productivity and profitability. FINCA's strict focus on repayment despite death or illness, was culturally insensitive to the cost of funeral expenses (which may include travel) that eroded business profitability. Even when death did not occur, the "gendered nature of health" made women responsible for sick relatives (Johnson, 2005, p. 235). Norms and values forbade those poor women from neglecting their domestic roles and obligations, thus impeding their full involvement in the public sphere. Even after poor women had access to loans and had established businesses, gender norms played a key role in hindering their businesses' productivity and profitability. Women were included into the workforce simply to be excluded.

Cook (2007, p.1) contends that gender relations have constructed the framework for societal institutions such as divisions of labor, health, education, family, work, popular culture, and the media.¹⁴ Also, class, state formation, colonialism, race, sexuality and their interaction with gender all help to construct sanctioned forms of oppression and privilege. Reeves and Baden (2000, p.4) define culture as distinct patterns of ideas, beliefs and norms that is characteristic of the way of life and relations of a society or group in society, and culture sometimes reflects the refusal to rethink [and challenge] gender norms, thereby disabling women from making strategic life choices. Kabeer

¹⁴ Gender relations are the relations of power between women and men. They tend to be hierarchal and disadvantageous towards women (Reeves and Baden, 2000, p.2).

(2005, p.14) agrees that cultural or ideological norms may not acknowledge power inequalities or may even permit inequalities; marginalized groups may reluctantly accept their plight in society and may even be in cahoots with it; for the fear that challenging it may produce undesirable social and personal costs.

The failure to capture the heavy burden and costs bestowed upon women undermined the equity approach's initial goal. Equality had to go beyond the economic realm and realize that credit alone as Mayoux (2003, p.9, 10) maintains will not lead to an automatic expansion of individual choices and increase self-reliance or will it lead automatically to the achievement of gender equality (Cheston & Kuhn, 2002, p.175). Women's empowerment requires a more multidimensional approach. As the World Bank's 2002 *Report* shows, much work is still needed to empower women. Although gender differences in primary school enrollment were small in middle income countries in Latin America and the Caribbean, land ownership among poor women, gender inequalities in the labour force, low educational returns and gender violence are still important issues to tackle (p.13). Kabeer (2005, p.13) rightly states that educational, employment, and political participation indicators are important in achieving gender equality and women's empowerment.

Equity for women in development it is not about Liberal Feminism advocating women's economic participation, especially in male-dominated careers, such as math and science fields in order to level the apparent inequities. But it is about Cultural feminism that advocates a greater monetary and non-monetary value be placed on female-dominated

jobs such as teachers, nursing professionals, and full-time mothers (Vejar *et al.*, 2006, p. 28). It is about placing value on the work women do inside and outside the home.

Microfinance becomes the solution for poverty elimination

Microfinance has found relevance in the world where it is seen increasingly as an important tool to fight and eliminate poverty. Kofi Annan states “Microfinance is an idea whose time has come.” The poor can now invest “in better nutrition, housing, health, and education for their children [...] In short, they can take real strides towards breaking the vicious circle of poverty and vulnerability” (UNDCF, 2005, p.3).

By the late 1960s and early 1970s, the WID approach experienced a shift towards a more pro-poor strategy in response to failed growth ideas. The origins of women’s poverty was a matter of underdevelopment and not linked to their subordination vis-a-vis men; therefore, engagement in small-scale income-generating projects could meet the practical needs of women by relying on women’s productive role. Women were targeted because they were previously ignored in development plans and are typically the providers of sustenance for the household. New development goals highlighted poverty, growth redistribution and meeting basic needs. Employment and educational programmes would reduce fertility among women and increase their contribution to the home (Moser, 1989, p.1811-1812; *See also* Kabeer, 1994, p.3).

Two anti-poverty approaches emerged. One examined the need for governments to expand employment in order to increase the real incomes of workers (Razavi & Miller, 1995, p.7). The other was the basic needs approach that focused on meeting human’s

basic needs, a primary goal of development. Streeten (1981, p.92) argues that one way to expand income measure of poverty was to include adequate standards of nutrition, health, shelter, water and sanitation, education and other basic needs.

This shift in development discourse created an opening for poor women to assist in maximizing the potential of credit channeled through their homes. Robinson's (2001) book, *The Microfinance Revolution: Sustainable Finance for the Poor*, showcases successful microfinance stories. One story in particular is about DM, an orphan, born in rural Peru who moved to Lima shortly after she married her husband and had two children. She moved to the outskirts of the city where she became a squatter. The structural framework of the house was similar to that of most urban squatters' structural framework—straw mats and dirt floors. DM was one of the earliest borrowers from *Accion Comunitaria*¹⁵ *del Peru*. In 1982, she borrowed money to purchase staple food products for her small market stall where she worked during the morning and out of her home in the afternoon and evening. Her husband was a casual labourer while she and her children operated the market stall.

Ostensibly, DM was unable to dramatically increase her income levels, but her increased income seemed to foster an environment conducive to change for her children. The indirect benefits of this loan were increase access to basic needs and capabilities. For example, her eldest son became a lawyer, her middle son became an Air Force pilot and

¹⁵ ACCION International founded in 1961 is private non-profit international organization with several lending partners around the world. Its mission is to help poor women and men by providing financial services such as training, micro-loans and other financial services (ACCION, 2007, para. 1).

her only daughter became a social worker. They all manage separate households and finances. The other three children live within the parents' home, but have separate businesses: one manages a beauty salon and the other has an electrical appliance repair shop beside the parents' home, and the youngest son who is eighteen started a computer graphics business.

The profits from DM's business helped in the repayment of loans. Since 1996, when the case study was conducted, she has received 91 successive loans from *Accion Comunitaria*, based on the capacity of her business to generate profits. At the time, she also had a loan of \$1860 at a 7.78% rate, and weekly installments of \$334 to be paid over a six-week period (Robinson, 2001, p.108).

Based on several similar success stories, the international community has felt compelled to support the microfinance cause. In 2006, 8 million women of Andhra, India, were a part of more than 600,000 self-help groups (SHGs). With the increase of available credit in Andhra, the number of households that had access to credit increased from less than 500,000 households in 2000 to 6 million households in 2006, purportedly increasing incomes by nearly 90 percent for most poor women. Savings totaled US \$292 million and more than 1.2 million rural families had insurance coverage for death and disability (World Bank, 2007, para3.).

In early 2006, a positive link between microfinance and poverty was challenged when the Indian microfinance sector fell precipitously into a crisis. Consequently, officials from

the state forcefully closed down the microfinance offices in the district of Krishna, “setting off a shock wave right across India.” It was an attempt to address the numerous complaints of the extremely high interest rates and the forceful selling of credit to poor individuals who had unlikely means to repay. Added to that were the emergence of social ills that emerged out of the crisis; within three months, more than four hundred farmers (and still rising) committed suicide in the state of Andhra Pradesh (Bateman, 2010, p. 133). This crisis led to changes such as the slowdown in microfinance’s expansion in the state and the cutting of interest rates, for example, two of the largest MFIs, Spandana and SHARE, cut their interest rates from 31 and 28 percent to 28 and 24 percent respectively (Ghate, 2007, p. 168).

What severely weakened this approach was its emphasis on women’s productive roles. For Edward and Olsen (2006, p. 36), the market empowerment process educates women to become compliant and efficient actors within the given structure of an expanding market economy. Robinson’s (2001) example shows that poor women are simply given tools to increase their productivity, but neglects to incorporate women into the wider part of society or challenge existing gender relations. Sen (1986, p.49) argues that development’s major failing has been its concentration on the supply of goods rather than on the ownership and entitlements of people and the capabilities that can be generated from them. Dunn and Arbuckle Jr. (2001, p.5) claim the impact of microfinance on new borrowers in some instances showed a decrease in educational expenditure due to their efforts in establishing businesses or focusing on emergency needs, such credit repayment.

Robinson (2001) failed to portray the vulnerability that poor women face due to unforeseen circumstances. Hulme (2007, p.19) points out that microcredit can help to smooth income consumption and reduce vulnerability. However when poor people engage in undeveloped, competitive business ventures that give low returns and have unpredictable external shocks, their vulnerability increases. Once they fall prey to unforeseen circumstances such as illness, theft and natural disasters, added with lack of skills, knowledge and bad decision- making, they can lead to a significant proportion of poor borrowers encountering great difficulties in repaying loans.

The anti-poverty approach carries the assumption that once household poverty is reduced, strategic needs will be met. Mayoux, (2003, p. 54) articulates that a vivid demarcation is needed between household poverty reduction and “women’s” issues. Significant and sustainable reduction in household poverty is a precondition for empowerment, but this does not necessarily lead to women’s empowerment even if women are the major income contributors. That is to say, poverty reduction is a necessary, but insufficient criterion for female empowerment. Focusing solely on poverty reduction in the household will do little to address intrahousehold inequalities.

The anti-poverty approach is also criticized for its small-scale income-generating projects that are mostly developed by NGOs and funded by grants from international and bilateral agencies. Third World governments already have insufficient aid allocated to poor people; with the introduction of small-scale income-generating projects, fears rise that these governments will remain reluctant to allocate resources to poor women and when

they do, it will go to the household and generally remain in the hands of the men. Also, the anti-poverty approach has a tendency to encourage women in economic activities that are traditionally undertaken by them. Women are frequently supported in rural based-production economic activities as opposed to activities in service and distribution (Moser, 1989, p.1812). Oxaal (1997, p.11) warns women's organizations accepting external funding become accountable to donors, leading to changes in structures and procedures that may cause tensions in how newly acquired resources are distributed.

Efficiency and sustainability in development projects

By the 1980s, Goetz (1994a, p.30) notes that once WID advocates realized the high returns from investing in women, they shifted away from emphasizing needs and interests in development to assessing what contributions were needed *from* women, i.e. microloans to women were seen as a means to achieving traditional development objectives. The World Bank was at the forefront of this approach, arguing that women's resources should be allocated efficiently. It wanted to avoid the adverse affects that might result if women's productivity were not harnessed (Kabeer, 1994, p.25-26). It went even further and stated that gender-based division of labor and gendered disparities in power and resources were hindrances to economic growth and everyone's well-being (World Bank, 2002, p.4). The anti-poverty approach recognizes the practical needs of poor women in terms of providing income-generating projects and desires to harness women's resources in order to maximize production and profits.

Chowdhry (1995, p.34) argues that both WID's discourses (the colonial and the liberal discourse on markets) succumb to the idea that Third World women need assistance in modernization and that WID projects via the World Bank represent this path to modernization. The World Bank has replaced the colonial state and microfinance projects are imbued with the ideology of WID.

By the end of the 1990s, Bateman (2010, p. 14-15) states a "new wave" in microfinance emerged; it was based on an ideology that supports commercialized and privatized microfinance. Market-based interest rates would assure that the days of subsidies were finished, while helping to increase savings by offering higher interest rates on deposits. Profits would ensure success since managers of MFIs would be propelled to increase outreach in order to reduce their fixed costs, which could be spread across a larger number of microloans, (ensuring that women were included in microfinance programmes).

Self-sustainability and participation would be the means of improving services, products and promoting group formation. They would be achieved through group lending since individual lending would be costly and group formations would allow for greater outreach to the poor in the building of social capital. Chestun and Kuhn (2002, p.172) observed that poor women's timely scheduled repayments and their docile behaviour made it easier for MFIs to work with them, contributing to the sustainability and efficiency of these institution. Participation would involve some level of decision making in order to increase innovation and commitment, but the underlying assumption would be

[and still is] that women would experience automatic economic empowerment (Mayoux, 2003, p. 9, 10).

Since this 'new wave', prominent institutions and organizations have favoured and promoted efficiency and self-sustainability for the operation of microfinance. These key stakeholders include the United States Agency for International Development (USAID), the World Bank, the United Nations Development Program (UNDP) Micro-Start Program, the Consultative Group to Assist the Poorest (CGAP), and the Microcredit Summit Campaign (Drolet, J. 2010, p. 217).

Among these key stakeholders, CGAP plays an important role in the development of MFIs. Created in 1995 by the World Bank (World Bank, 2010) and funded by 33 development agencies (CGAP, 2006, p. 45), it is an independent research and policy centre, setting industry standards, identifying best practices, funding innovations and developing innovative solutions in microfinance in order to serve the needs of the poor (CGAP, 2009, p. 7). The founding members of CGAP include Canada, France, the Netherlands, the United States, the African Development Bank (ADB), the Asian Development Bank (AsDB), the International Fund for Agricultural Development (IFAD), UNDP, UNCDF and the World Bank (Basch, 1999, p. 71). In 2008, fifty-four founders included in a CGAP survey, committed \$11.7 billion to microfinance, with \$2.5 billion disbursed in 2007. Among the biggest donors who contributed more than 50 percent of the total funding were AsDB, KfW Germany, World Bank, International Fund

for Agricultural Development (IFAD), International Finance Corporation (IFC), and European Bank for Reconstruction and Development (EBRD) (CGAP, 2008, p.1).¹⁶

Despite the international rave about microfinance, external factors affect the sustainability of microfinance. Johnson (2005, p.234) argues that seasonal agricultural opportunities affected the sustainability of microfinance businesses among poor women. Women had to respond quickly to changes in the market. Those who purchased and sold vegetables had to shift their businesses quickly when vegetables entered the market from other areas, pushing down the price of their produce. Women needed to know the rural markets from which to purchase their stock of vegetables, understand market fluctuations in price and supply and know the nature of the perishable goods they were selling. An inexperienced poor woman could quickly expose herself to many risks and dangers. Other risks involved selling goods and services on credit in order to attract customers, which created the problem of getting people to pay. Dicher (2007, p.11) points out that, despite sincere intentions to repay a debt, a debt may never be repaid, due to unpredictable circumstances.

Due to these women's lower purchasing power compared to men, they will be unable to purchase the support services they need to ease their domestic labour obligations.

Economic crises, high levels of public debt and weak or non-existent social services and

¹⁶ KfW a German government owned development bank that encourages sustainable development in economic, social, ecological living and business conditions, in areas of small and medium-sized enterprise, entrepreneurialship, environmental protection, housing, infrastructure, education finance, project and export finance, and development cooperation.

men missing from domestic arena (Narasaiah, 2006, p. 22) all increase the poor woman's burden by using their unpaid services within the household and putting their ability to secure a livelihood at risk.

Instead of projects increasing the advancement of women, these projects are intensifying the market and money economy mechanisms (Narasaiah, 2006, p 23). Vonderlack-Navarro's (2010, p.126, 128) study of 40 Honduran women, 38 of whom formerly lived with a man, illustrates this point. She observed that women's dependency was simply shifted from being dependent on a man to being dependent on their children. The entire family's work load increased in the business and in some cases women depended on their older children for money in order to repay loans. Because of the emphasis on sustainability and efficiency, Bee (2011, 36) claims that often women experienced abrupt and frightening methods of payment recovery through verbal harassment or possible house invasions by their peers to compensate for payment.

As Cheston and Kuhn (2002, p.178) rightly argue, control of capital is only one dimension in the complexity of problems women face, such as accessing information, having a small social network and lacking resources for a successful business. Some microfinance practitioners are unwilling to focus on empowerment programmes for the fear that it will interfere with the efficiency and professionalism of their financial operations. WID's efficiency focus, although still influential, fails to recognize that even when women's income did increase it was at a cost of increased household expenditure

and household responsibilities as well as increased non-monetary costs of operating a business.

Targeting women based on the efficiency and financial viability is simply a guise for microfinance institutions to maximize profits. It has nothing to do with empowering poor women. Individuals must not focus on the desired goals but on what has materialized and whose interest it serves.

Goetz and Baden (1998, p.24) echo a similar sentiment: that institutional structures, rules and cultures and the method of data collection, processing and prioritizing all reflect “dominant interests.” For example, in Mexico, *Compartamos*, one of Mexico’s biggest MFIs made unprecedented profits off the poor when it sold 30 percent of its shares in April 2007 mostly to foreign commercial investors.¹⁷ It generated a profit of \$450 million of which \$150 million went to the directors, senior managers, friends and family of *Compartamos* who also retained 300 million of the shares in *Compartamos* (GCAP, 2007, p.3, 4). All this growth and payments of dividends seem possible due to the high interest rates that reached as high as 88 percent in 2004, which had fallen from 120 percent in 2000 (CGAP, 2005, p.4). The rich had found a safe niche to profit from the poor. The ideal model was crumbling and so was the image of the microfinance sector,

¹⁷ Initial public offering (IPO): the offering for the first time the sale of a company’s shares to the public in an effort to raise capital. The three major shareholders at the time of the IPO in *Compartamos* included *Compartamos* NGO (39.2%), ACCION (18.1%) and IFC (10.6%). The rest of shareholders were owed by director and managers (23.7%) and private Mexican investors (8.5%). An initial investment of 6 million by shareholders generated enormous profits.

better yet the ideology of commercialization and privatization as an optimal ideal was falling apart. Poor women were an entry point into the homes of the poor. They were compliant and easy targets, which made it easier to sell credit to them and demand repayment of loans from them. High interest rates increased women's vulnerability and gave them little money to invest in meaningful investments.

Opponents argue that MFIs concerned with empowerment place social goals at the forefront while pushing efficiency to the background. Cheston and Kuhn (2002, p.173, 179) challenge this argument that organizations that focus on women's empowerment are often committed to excellent customer service, indicating that women's needs should take precedence. The concept of sustainability, while important, neglects the primary reason MFIs evolved in the first place: to help the poor, with women forming the majority of the poor.

Under the WID approach, women's community roles are exploited and relied on because of their perceived greater commitment to ensuring existing services (Moser, 1989, p.1814). In community kitchen organizations, food reaches the poor by relying on the labour of community women to cook the food (Sara-Lafossee, 1984, cited in Moser, 1989, 1814). A woman's worth is tied to her unpaid services in the home and how well these services contribute to the household's wellbeing and reducing national poverty levels as well as the state's cost for providing welfare services. Reduced cost translates into balanced state payments of accounts and a healthier more efficient economy. Moser (1989, p.1813) articulates that WID shifted its focus from women to development, based

on the assumption that increased economic participation by poor Third World women would lead automatically to increased equity; but economic participation is not the answer to increasing women's status but rather the need for education and productive technologies.

The WID approach is rooted in the modernization theory and does not recognize the critical perspectives of dependency theory or Marxist analysis. It focuses on women's productive role, by developing strategies that minimize women's disadvantaged position in the productive sector. However, economic integration and legal changes are insufficient to meet the strategic needs of poor women. Most of all, it ignores the influence and impact of race, culture and class (Rathgeber, 1990, 491-492).

WAD: Capital and Women

Not long after the WID's introduction in the 1970s, the WAD approach questioned the development process that women were pushed into. Drawing some of its theoretical base from dependency theory and focusing on women and the development process, it dismisses the myth that women were ever outside the development process. The WAD approach demonstrates that women are key economic actors and their work within the private and public sphere is essential for the maintenance of the established economic system (Rathgeber, 1990, p. 492-493). Jaquette (1982) stresses that capitalist employer's (whose profits centre on paying workers below the true market value of their labour) rely on the unpaid services of women's domestic work and their role in reproducing the labour force (p. 274). Socialist feminists and Marxists argue that the relations of capital

and, ultimately, class relations are at the core of understanding women's oppression (Hamilton, 2007, p.51).

The WAD framework challenges patriarchy and capitalism, both of which limit the choices women have at their disposal (Beneria & Sen, 1981, p.290). Engels (1972, p. 106,117-125) argues that private property holds women in bondage. He states that early ancestors laboured for their daily survival and shared the available resources. The Neolithic Revolution of crop cultivation and animal husbandry created the opportunity for people to generate surplus wealth. People were now in the position to live longer, more secure lives. The few people who controlled the surplus, which they claimed as their private property, desired to bequeath their wealth to their children, but they needed to ensure that their wealth was bequeathed to their biological sons. To ensure the legitimacy of their sons, they turned women into private property. Once women became the private property of men, she was only permitted to have sexual relations with her husband and labour for him. Thus, he assumed that the children of his wife were his biological children.

This hermeneutic reconstruction depicts male dominance and a class society [that previously was nonexistent]. It follows the logic that the abolition of private property would free women (Hamilton, 2007, p. 51).

Within MFIs, groups symbolize a safe space for women to challenge patriarchy.

Thompson (1997, p.81-82) argues that organizing safe women only-spaces (excluding the

participation of the oppressors) allows women to reflect on and resist their “relationships of oppression” (*See also* Kabeer & Subrahmanian, 1996, p.52). The creation of spaces for women to gather and interact has provided the opportunity for women to confront, resist and create effective strategies for dismantling oppressive structures. Given safe spaces to voice their concerns has enable women to collectively focus their energy on undermining the patriarchal structure.

The WAD approach concentrates its analysis on women’s subordination in relation to capital, but women’s subordination goes beyond capital; it involves men as well.

Connelly *et al.* (2002, p.60-61) perceived WAD’s down fall to be its small-scale, women only projects, their tendency to generalize the experiences of women and their preoccupation with women’s productive role, failing to create transformative effects for women. Rathgeber (1990, p.493) claims that WAD viewed women’s underrepresentation in economic, social and political structures as something that could be solved primarily by designed intervention strategies rather than questioning the relations between gender roles.

Microfinance, Women and Socio-economic Classes

One of the drawbacks of many microfinance programmes is that they obscure the socio-economic differences within groups, which can create conflict and instability, but more importantly reproduce the existing status quo that restricts the redistribution of power and resources between social classes (Pattenden, 2010, p. 487, 508; Harriss, 2002, p. 2).

Pattenden (2010) claims that the Post-Washington Consensus (PWC) approach promoted

the expansion of self-help group initiatives that placed the cost on the poor instead of channeling more public spending into the social sector in order to directly influence the redistribution of resources among the social classes (2010, p. 487).¹⁸ As a result, Bernstein (2008, p.18 cited in Pattenden, 2010, p. 488) states that “classes of labour” must then pursue their reproduction through unstable and oppressive formal activity, which is rare, or through informal activity or a combination of both.

Among the varied classes of the poor, concerns arise among scholars as to whether the poorest of the poor are reached. Anand (2002, p.65-66) raises the issue of the better-off and better educated dominating MFI’s services (SHGs); Mooij (2002, p.44) is concerned with whether SHGs can generate sustainable economic returns, and Garikapati (2008, p.2623) observes the tendency of SHGs to serve a large number of households that are better-off.

Pattenden (2010, p.490) argues that the PWC avoids discussions of structural transformation that hinder the poor’s retention of assets and economic upward mobility. The PWC depoliticized analysis by obscuring class relations and avoiding transformative questions that address control over means of production, resource and power distribution between social classes that are essential for upward economic mobility among the poorest of the poor. In institutions, those in privileged positions will determine how rules and

¹⁸ Post Washington Consensus: The Washington consensus core ideological development objective was economic growth. The new consensus (post-Washington Consensus) claimed to focus on sustainable, equalitarian and democratic development. At the heart of its agenda was a poverty-focused approach, protecting and supporting the poor and prioritizing social spending on education and health. Others argue that the post-Washington consensus is still guided by the neo-liberal agenda, using safety nets to compensate for market failure (WHO, 2011, para.2)

culture are interpreted as well as how they are implemented. Kabeer (2005, p.15) argues that resources are distributed through various institutions and social relationships within society:

Heads of households, chiefs of tribes, directors of firms, managers of organizations, and elites within a community all have decision-making authority in particular institutions by virtue of their position. The way in which resources are distributed thus depends on the ability to define priorities and enforce claims. Equally importantly, it defines the terms on which resources are made available. If a woman's primary form of access to resources is as a dependent member of the family, her capacity to make strategic choices is likely to be limited.

Scott (2000, p.87) claims that until a [poor] woman has the power to defend her interests, changes in economic and political conditions of society will not improve her situation, change priorities for men and women, or alter their claims on resources. Therefore, integration of poor women into society will do little to challenge inequality for them. Change is imperative, but change cannot occur if there is an imbalance of power, disadvantaging poor women.

Scoones (2009, p.186-187) argues that class influences the structure of livelihoods to such an extent that an understanding of the relationship between power and politics is important in understanding how political spaces are created and dismantled.

Pattenden's (2010, p.497-498) research reveals that dominant classes have a tendency to use loans to make productive investments, for religious and marital purposes; while the laboring class poor were likely to use their loans for non-productive purposes such as food rations and medicines or for repaying other loans. Generally, the very poor in Kamlapur SHGs did not have access to small loans for household consumption needs due to the high risk of non-repayment. His research also showed that savings were higher among the dominant classes than among the laboring classes, reinforcing the socio-economic difference among classes.

These concerns are raised by financial institutions that are reluctant to lend to the poor on the basis that they are vulnerable to asset sales, more likely use loans for non-productive activities such as consumption and lack opportunities to make investments (Mosley and Hulme, 1998, p.786-787). In Asia and Latin America, risk aversion is among the prominent reasons banks do not lend to the poor; but high interest rates; exclusion from within the group on the basis that they are not credit worthy (Montgomery & Weiss, 2005, p.6), and in some instances, pressure from NGOs or banks for quick repayments contribute to the poor's exclusion (Kalpana, 2005, p. 5401).

For those who are not excluded from microfinance programmes, defining empowerment is important in understanding resources, agency and outcomes.

Forms of Power: Making Empowerment a Realized Outcome for Poor Women

Empowerment can become a tangible outcome for women if power is redistributed.

Akhtar (1992, cited in Batliwala 1994, p.131) vehemently asserts that feminist activists do not desire to invert the imbalance of power but to achieve a balance of power.

Women's empowerment should free men from an erred, oppressive system and ideology so that each individual can realize their potential in creating a humane society regardless of gender. This humane society will give men the opportunity to be part of a more equitable setting where *power over* (a relationship of domination and subordination) is replaced with *power to* (make decisions, solve problems and be creative), *power with* (organize around a common goal) and *power within* (to build self-confidence, self-awareness and assertiveness). This is a power that allows individuals to become active agents in their own lives (Williams, Seed, & Mwau, 1994, p.233), enabling them to make important life choices.

Kabeer (1998, p.85) defines empowerment as the expansion of potential choices available to women so that outcomes reflect the set of choices that women value. Kabeer (2005, p.14-15) explores empowerment through three interconnected concepts: agency, resources, and achievements. Agency is the process of making and carrying out choices, thus a significant core concept of empowerment. It involves more than making choices but making choices that challenge the status quo. Resources are instrumental in exercising agency; and achievements are the outcomes of agency.

Developing *power within* is an essential aspect of improving women's ability to control resources, determine agendas and make decisions. Because personal beliefs and values validate inequality, empowerment as a process must begin from within. Empowerment is tied closely with women's self-worth which is linked with how people and critical institutions value them (Kabeer, 2005, p.14-15). It is a power that cannot be given but must be internally self-generated (Kabeer, 1994, p. 229).

However, agency alone cannot materialize unless women have resources at their disposal. Bebbington (1999, p.2031-32) claims that each context has its own primary assets that people use to construct their livelihoods and that vary among gender, ethnic and social groups. It then becomes important to choose the appropriate investment intervention that will be most useful to people. Acquisition of assets can move individuals above their present economic status and increase their standard of living. These assets not only help to build livelihoods, but also give meaning to people's worlds and influence future decision-making about their livelihoods. Bebbington (1999, p.2022, 2033) states that "[...] assets or what I call capitals in this framework are not simply resources that people use in building livelihoods: they are assets that give them the capability to be and to act." They are the platform for people to exert their agency to act, challenge and change unjust rules in areas of control and transformation of resources.

Sen (1999, p.190) contends, on the other hand, that the active agency of women cannot ignore the serious inequalities that deteriorate women's agency or subject them to unjust treatment; so the role of agency must consider women's well-being as well. Similarly,

improving women's well-being will necessitate drawing on their agency in order to enact change. Although agency and well-being are fundamentally different, their interdependence is crucial in bringing about valued achievements as defined by Kabeer (2005)

The goal of scholars then is to create context specific measures that meet women's needs and increase their achievements. Kabeer and Subrahmanian (1996, p.12) argue that gender-aware policy design and analysis must recognize that even though men and women are both development actors, they are constrained in different and unequal ways as participants and beneficiaries in the development process, which leads women and men to have different, sometimes conflicting needs, interest and priorities.

Achievements are the result of people's agency. Empowerment is assessed through the realization and failure to realize outcomes. Kabeer (2005) argues that women's decision to engage in any activity must be in response to a new opportunity rather than in response to meeting practical needs. A woman's empowerment can be far more visible if it contributes to her sense of independence rather than out of distress to meet her family's needs (p.15).

Rowland (1997, p.15) explains that empowerment can be experienced on three levels: personal, relational and collective. First, the personal level, involves constructing a sense of self and individual confidence and capacity while breaking down internalized oppression. Second, the relational, involves developing the individual's ability to influence the nature of relationships. Third, the collective, goes beyond the individual to

achieve a wider impact than what an individual could have done alone. This can take the form of political involvement and collective action based on co-operation instead of competition. Collective efforts can be local (on village or neighbourhood level) or institutionalized which involves participating in national networks.

For Janet Price (n.d., p.6) and Naila Kabeer (1994, p.262) empowerment goes beyond personal change and growth to increasing women's participation in the wider political spaces and identifying these strategic needs of women, so they can become an enduring influence in a country's course of development. Unlike Rowland (1997, p.23), Kabeer's analysis mostly focuses on NGOs and fails to analyze the micro level of empowerment for individual women, neglecting to recognize the intricate connections and interactions between the personal, collective, and relational dimensions of empowerment. Rowland (1997, p.15) raises the question of the relationship between an individual's internal sense of power and the structures of society.

Prioritizing poor women's concerns in development policy is not to dismiss the viewpoints of others or to imply that they are fully informed, to argue that poor women offer a distinct view point from below that policy makers may not have, a viewpoint that stands "at the crossroads of various forms of inequality class, gender and often race and caste as well" (Kabeer & Subrahmanian, 1996, p. 32).

If empowerment for women in microfinance becomes a reality it is pertinent that conflicting interests within households and communities are addressed (Mayoux, 2003, p.61). Batliwala (1993, p.10) claims that a mere change in mind set is insufficient for

empowerment to occur, it requires a visible show of change, forcing the world to recognize, act upon and accommodate as best as possible.

Ways Forward: Poor Women, Gender, Microfinance and Empowerment

Empowerment replaced WID's old ideas in promotion of women and found its roots in a group called Development Alternatives with Women for a New Era (DAWN) that had grassroots experiences and social Western feminists. From 1975 until now, with limited popularity, GAD's goal was to empower women and increase their self-reliance, linking women's subordination to men and colonial and neocolonial oppression (Connelly *et al.*, 2000, p.62; Moser, 1989, p. 1808, 1815). The GAD framework, presently, represents the fusion of diverse theoretical and methodological approaches (Moghadam, 1998, p.591).¹⁹ Drawing its theoretical base from socialist-feminist thinking, the GAD approach focuses on specific gender roles (given to different sexes) and offers a more holistic approach to examining women's lives (Rathgeber, 1990, p.492-494). Its advocates contend that women's status in society is significantly linked to their material conditions of life and their position in the national, regional and global economies (Connelly, Li, MacDonald & Parpart, p. 62). Young (1997a, p.51) identifies six main features of GAD that differentiate it from its predecessors. She admits that some of these points may overlap.

First, GAD proponents refute the claim that women's subordination is linked solely to the production process, because women's subordinate position in socialist societies goes beyond relations between capital and women but also includes relations between women

¹⁹ Moghadam (1998, p. 590) states GAD emerged from the failings of WID and WAD.

and men (Young *et al.* 1981, p.xiii, p.viii; Whitehead, 1979, p. 10; Moghadam, 1998, p.590). Gender became the focal point of GAD because it captures the nature of the women's subordination and how institutions and social practices construct gender, perceiving and treating women as a category attached with various stereotypes including the belief that women are inferior to men. These stereotypes and beliefs are present in the way men and women may behave in the workplace and how women may be objectified in the social world. Gender can also be a characteristic of the situation even when gender is not a criterion for a job. For example, secretaries are usually believed to be females and bosses are usually believed to be males (Whitehead, 1979, p.11).

Because entrenched biases have left women in an unfair position, it is imperative that feminist ideas and development goals shift focus from women to gender; it is essential that empowerment strategies target men as well. Solely targeting women in microfinance projects reinforces the image that men are irresponsible and may even decrease men's sense of responsibility towards their households (Mayoux, 2003, p.54). DAWN states that "The women's movement [. . .] at its deepest is not an effort to play 'catch-up' with the competitive, aggressive 'dog-eat-dog' spirit of the dominant system. It is rather, an attempt to convert men and the system to the sense of responsibility, nurturance, openness, and rejection of hierarchy that are part of our vision" (Sen and Grown, 1987, p. 179). It is a feminist movement based on *power with* and building on *power within* (Oxaal, 1997, p.1).

Goetz and Gupta (1996, p.55-56) claim that policy makers and microfinance programme implementers must recognize that competition for scarce resources among males and females can exacerbate “gender power conflicts.” Men must change their attitudes towards women which can be achieved with intense investment in changing men’s perception of women’s worth and ensuring that men’s resources are not constrained due to women’s increased access to resources. They admit this qualitative investment may go beyond the capacity or commitment of development projects. Hence, Mayoux, (2003c, p.52) emphasizes the importance of the integration and interconnected links between different departments and organizations in order to address the multiple needs of women.

Second, the GAD approach examines social organizations and economic and political life in its entirety in order to understand particular aspects of social relations. It does not merely focus on the reproductive aspect of women’s lives (motherhood and childrearing) nor does it focus solely on the production and distribution of goods and services when trying to understand the economic underpinnings of social life. Rather it examines the structure of the working day in the public sphere in relation to the private sphere (domestic arena) (Young, 1997a, p. 52; Moghadam, 1998, 591). In other words, it examines the relations of everyday life (Young *et al.*, 1981, p.viii) and how women’s triple roles are intricately interconnected. More importantly, it recognizes the importance of women’s contribution inside and outside the household, including non-commodity production (Rathgeber, 1990, p. 495).

Empowerment cannot be isolated to one development activity; it must be visible in all relevant development activities as well as its implications in all aspects of women's lives. The different aspects of empowerment—political, economic, legal and physical—cannot be individually addressed in programme planning and implementation but must be linked together for all are a means and end in themselves (Oxaal, 1997. p. 25).

Microfinance experts cannot concentrate solely on the finances or technical services such as operating costs and transaction costs for both borrower and creditor (Dicther, 2007; Deshmukh-Ranadive, 2005, p. 114). Neither can it focus solely on creative collateral substitutions, repayment discipline or interest rates; they have to become fully aware of the social realities of the people they are helping. MFIs need to become cognizant of the meaning behind these transactions. Examining the social implications of debt can clarify why group repayment and saving plans work or do not work; it can explain the rate of drop-outs and misunderstandings about interest rates; it can also reveal the willingness or reluctance about larger loans, and the household dynamics when loans are given to husbands (Dicther, 2007, p. 13).

Third, the GAD approach employs an accepted WID [and WAD] strategy that emphasizes group formation. WID's emphasis is on the need to organize women into groups in order to increase their collective bargaining power in the economic system, particularly for gaining better access to credit since groups lower the risk of default. GAD, on the other, emphasizes self-organization on the need to increase women's political power in the economic system (Young, 1997a, p.52-53). Feminist's

understanding of what constitutes the inequality between women and men is still attributed to class, race and culture. Despite differences, some feminists still argue that women should and are able to unite around a multitude of issues that arise from their gendered subordination in order to transform their present situation (Young, 1997b, p. 368).

Fourth, the GAD approach focuses on development as a complex process that involves the social, economic, political and cultural advancement of individuals and society, an advancement that can meet most of the population's needs at a physical, emotional and creative level. When examining the impact of any planned or unplanned economic development on a group or a specific society, proponents of GAD insist that questions of power and privilege (between men and women and social groups) must be raised, along with other crucial questions such as who benefits, who loses, what are the trade-offs, and what are the balance of rights and obligations between given social groups and men and women (Young, 1997a, p.52).

The development process also involves the state. The GAD approach underlines the role of the state in promoting women's emancipation, which is in providing social expenditure in education, health and training, which provide the conditions for future economic growth. Support is desired at all levels: regional, national and central, rather than on one level. Development is not only a concern of individuals, but it is also a social matter. GAD also places emphasis on the role of the community as a supporter of women and

perceives women's organizations at the community level as precursors for women's organizations at the national level in society (Young, 1997a, p.53).

Social and economic policies that favour women's advancement will lead to improved legal and economic status for women while women's ability to organize and mobilize their interests can result in their own self-empowerment. Discriminatory practices in the laws, customs, and in the labour market hinder the mobility and economic participation of women and obscure women's origins in historical gender ideologies (Moghadem, 1998, p 590-591). Better support for women's rights and ownership of enterprises are essential elements for women's advancement (Goetz and Gupta, 1996, p. 58).

Fifth, GAD also recognizes that anti-poverty and welfare approaches are often prerequisites for equity. Proponents of GAD raise a number of questions such as: how does society move beyond welfare to equity and are reforms sufficient or are radical social changes necessary (Young, 1997a, p. 52)? They are aware that the poor can rarely tackle the conditions that keep them in poverty. As a result, the GAD approach emphasizes the incorporation of consciousness raising into welfare and basic needs programmes, allowing welfare programmes to become a means to achieve equity and not an end. Such consciousness building will involve not only awareness of mismanagement of resources among different socio-economic groups and structures that keep people in poverty, but also the inequality that exists between men and women (Young, 1997a, p. 53-54). Kabeer (1995, p.299) agrees that critical consciousness is as an essential step to

increase individual capacity and define and dissect subordination in order to envision the ideal world and to actively pursue that vision.

Sixth, the GAD approach perceives women as active agents but with imperfect information or understanding about their social situations or sources of their discrimination and subordination. It does not assume that men are aware of the structural roots of their dominance or that all men actively promote their dominance or that all women are right in all forms of their behaviour. It does assume that male privilege may hinder most men from aligning themselves with the cause of women's advancement unless persuaded otherwise (Young, 1997a, p.51-52).

Another feature that Young did not identify that distinguishes GAD from earlier theoretical frameworks is its emphasis on context. Kabeer (1998, p.84-85) found that women who strictly heeded to the cultural rules of *purdah* were among some of the most profitable business owners and described themselves as the primary decision makers within the household and successful managers of the business enterprise.²⁰ Some of these women registered assets that they purchased from their earned income or with their loan into their husband's name rather than their own; yet they are not passive in fighting for these assets. Once enterprises become successful, some women chose to withdraw from the public sphere and resume their domestic roles. The value that women in rural Bangladesh attach to money has more to do with the non-monetary benefits that accompany access to credit than the monetary benefits. Credit gives them access to

²⁰ sex segregation practiced by keeping women in seclusion (Rahman, 1999a, p.80)

resources that have been culturally and socially withdrawn from them, which helps to reduce the level of dependency on their spouses.

Women's needs cannot be generalized; they must be placed within context. More importantly, women must be able to make choices that they value and not choices that are forced upon them. Mohanty's (1991, p. 4, 53) arguments clearly outline that emphasis must be given to differences and particularities in order to establish commonalities. The notion of women as a homogenous group with shared physical and psychological oppression, abuse and exploitation eliminates the material context of individual women (*See also* Marchand & Parapart, 1995, p.4, 7; Chowdhry, 1995, p. 28; Molyneux, 1985, p. 232), thus bypassing class and race while emphasizing the gender dyad. What might be an empowering intervention for one group may be disempowering for another. Multiple realities for women exist. Empowerment perspectives advocate a development that is more squarely embedded in the particular experiences faced by women and men in the south.

New possibilities

Mayoux (2003c, p.4) acknowledges that microfinance programmes do have shortcomings and participation in these programmes does not lead to automatic improvement in women's lives. Mayoux (2002a, 76) claims that the problem does not lie in microfinance itself, but the way that its best practices are driven by financial sustainability concerns. As MFIs continue to offer a range of services, funding becomes an immediate concern and may overshadow the initial social mission to provide for the poor.

First, MFIs must have gender mainstreaming embedded in all aspects of the institution. Gender mainstreaming is an institutional strategy aims to bring gender perspectives to all aspects of the organizations' policy and activities by building gender capacity and accountability (Reeves & Baden, 2000, p.2). Gender policies require changes in the institution's culture and recruitment procedure and changes in the content of work roles, training and promotion procedures as well as decision-making and incentive systems (Mayoux, 2003c, p.59; Oxaal, 1997, p.26). The institution's operational framework will then embody equal employment opportunities, family work policies, such as maternal and paternal leave, flexible work hours and childcare provisions (Mayoux, 2003a, p. 308, 309; Kabeer & Subrahmanian 1996, p. 24; Oxaal, 1997 p.25). It will also involve internal proactive provisions to recruit and promote women from mid to senior level positions in order to actively maintain equal representation of women in senior positions and more use of advertisement mediums to reach more women (Mayoux, 2003c, p.60) as well as the adoption of gender sensitive language within programme documents. A significant proportion of the organizations projects target women [and men] without neglecting to consider gender impacts and outreach in the monitoring and evaluating the organizations' programmes (Mayoux, 2003a, p. 304) as well as context and cultural diversity among poor women.

Microfinance initiatives must also be cognizant of group dynamics at work. It is important to note who is included versus who is excluded and the reason for a particular group composition (Mayoux, 2001, p.25). Group size and structure are also important. Bigger groups can help to strengthen women's collective strength, to mobilize women's

interest around community and gender issues and to facilitate lobbying and advocacy for policy changes at the macro level that affect women at the micro level. A well-structured group can provide opportunities for leadership positions and encourage participation, helping to promote equal representation, enhancing negotiation skills and increasing decision making (Mayoux, 2003c, p.306).

Group functions must also extend to—and not replicate—existing networks or women’s movements. Group meetings should not detract from time that could be possibly spent engaging in social and political activities (Mayoux, 2003c, p. 306; Kabeer & Subrahmanian, 1996, p.27). Group meetings must increase women’s mobility; for it may be one of the few excuses they may have to venture outside the household allowing them to challenge the restrictions women have on interactions with men and increase their access to information in the public sphere (Mayoux, 2003c, p.40).

From a state of powerlessness that manifests itself in a feeling of “I cannot,” empowerment contains an element of collective self-confidence that results in a feeling of “we can” (Dighe and Jain 1989, p. 87 cited in Kabeer, 1994, p. 262). Sanyal’s (2009, p.530, 532, 548) study of 400 women belonging to 50 microfinance groups in rural West Bengal showed that forming women microfinance groups within a socially restrictive context created “unintended and very dramatic” outcomes in one third of the groups. She argues MFIs may facilitate women’s collective empowerment through economic relationships by stimulating collective actions to resolve local community issues and creating social ties that build a positive level of trust, corporation and solidarity.

Mayoux (2002b, p.21, 27) sees Self Employed Women's Association (SEWA) as an organization whose origins and missions are firmly embedded in a feminist empowerment paradigm influenced by the GAD approach. SEWA, born in 1971 (Chen, 2008, p.183) and registered as a trade union in 1972 (SEWA, 2009, para.1), recognized that a major barrier women faced in the informal sector was access to credit. Savings, credit and lately insurance and pensions are considered a part of a wider empowerment strategy that included unionization, cooperative formation, lobbying and protesting against social injustice embedded in gender relations that were a part of a broader women's movement (Mayoux, 2003c, p.5).

SEWA focuses on building collective strength through union organization and cooperatives. Efforts are made to develop group activities that will increase women's income but also challenge gender inequalities. High repayment rates within SEWA are attributed to high moral pressure and flexibility in responding to women's needs during unexpected circumstances and the absence of a shared responsibility for loan repayment. Union activities have been influential in increasing women's incomes and better working conditions, but Mayoux (2003, p. 42) warns that it is a long and constant process and in some cases union activity over a number of years may still not be successful in obtaining even the legal minimum wage. Incomes may be negatively affected by external factors such as changes in the markets or the occurrence of natural disasters or by internal constraints of an employer's resistance. Nevertheless, SEWA members on average have experienced increases in their incomes. But again the benefits derived from group formation cannot be automatically assumed (Mayoux, 2003c, p.8, 11).

A group must also function as a safe space for men and women to reflect upon the status quo. Deshmukh-Ranadive (2005, p.117) argues for the incorporation of safe spaces in order to expand individual mental space. He argues that the expansion of a person's mental space is a crucial component of empowerment. It is a non-physical space that allows for freedom in thoughts and actions. A change of perception occurs that strengthens the internal will to act upon that will. As mental constraints and restrictions erode away, it gives way to the process of empowerment. Expansion in this sphere directs action in a positive way. What facilitates the expansion of this space is the collective power of women [and men] clustered around a common problem. If groups are centered on common problems and the spirit of solidarity exists, then microfinance can contribute to women's empowerment. If monetary transactions are the focus, the process of empowerment is unlikely to occur.

Thus, the definition of participation must be clear, such as the level of contribution expected from members and their role in decision making (Murthy, 2003, p.197; Mayoux, 2003, p. 306). Participation strategies must ensure that women are equipped with the skills and resources to participate and have a safe space to be informed and to form their opinions and it must be an on-going process involving all stakeholders (Mayoux, 2002b, p.27) and poor women must be actively engaged in shaping the objectives, content and methodology of the project (Mayoux, 2001, p.196). Mayoux (2003b, p. 91) states that the process of negotiation between women and the development agency must be continuous in order to identify the constraints and needs of women.

The internal learning system (ILS) is good example of a participatory learning that uses pictures or scenes that represent impact indicators so poor, illiterate women are able to engage in an ongoing process. It allows them to keep a diary of the changes in their lives over a time by simply using tick marks to indicate quantities, using yes/no responses, and using evaluation scale ratings. Because of its flexibility, it can be adopted to local needs. At each level of the project, participants note changes, reflect upon findings and make plans, allowing them to create a direct link with their lives (Mayoux, 2003b, p. 92).

In order for women to participate effectively, application forms, location and advertising must be considerate of the literacy levels of women or normal spheres of activity, but if MFIs desire to empower women they must provide means to improve women's literacy levels and extent their normal spheres of activity allowing them to interact with men in public spaces (Mayoux, 2003c, p.306)

Furthermore, collateral requirements for these financial products must be diverse in order to meet poor women's various forms of savings such as jewelry and utensils. If they are going to feel empowered, collateral requirements must enable them to be independent rather than dependent participants. Mayoux (2003c, p.25) recognizes that simply putting a woman's name on the loan application as the beneficiary of the loan indicates little about who will control that loan. Instead, encouraging registration of women's assets in their name would increase their level of control over assets.

Therefore, savings and loans services should enable poor women to clearly understand interest calculations and repayment schedules enabling them to increase and control their earned income. The assumption that women need small loans in order to receive quick returns and easy savings limit women to low-income activities that decreases their chances of control over assets like land and other productive resources. Savings schemes that require women to publicly declare their savings, increasing their vulnerability with their husband and other family members, is the prime reason women are reluctant save with microfinance programmes (Mayoux, 2003c, p. 56).

Another way forward is the provision of gender-specific strategies [in theory and practice] which includes gender awareness programmes, legal rights education, support sessions and active engagement in gender advocacy [that challenge the relations of inequality] (Mayoux, 2003c, p.12). Microfinance services need to be integrated with other services such as girl's education, literacy and health programmes, infrastructure development, technology development and a range of welfare support services in order to meet women's strategic and practical needs (Mayoux, 2003c, p. 34, 63). It is important that these additional interventions involve ongoing training and mentoring; for gender awareness needs to be linked with actions over a long period of time in order to be effective [and challenge the status quo] (Mayoux, 2003c, p.58).

Collaborating with other members in different programmes within the same organization can expand microfinance and complementary services, help to pool resources (allowing for economies of scale), increase the exchange of information and ideas and increase the

lobbying impact (Mayoux, 2003c, p.63) of the group. It may not be possible for microfinance programmes to provide an infinite number of services (Mayoux, 2003c, p.55), so it is imperative that networking occurs with programmes within the same organization and other organizations providing essential services for women.

For Mayoux (2003c, p.48) and Kabeer and Subrahmanian (1996, p.12), MFIs must make a greater effort to link with the broader social and political activity within a country. Kabeer and Subrahmanian argue that macroeconomic planning is not gender neutral. Women's issues at the local level are very much tied to the national level: decisions at the national level "set the parameters" for what is permissible for women and women. For Mayoux (2003c, p.48), organizations like SEWA are connecting local women's issues with national level decisions. For instance, SEWA worked with the Rural Development department of the Indian Government to explore and establish internal markets so SEWA members could sell their production of clothing and salt to other districts. In other cases, direct economic links were formed eliminating the need for a middleman. SEWA has assisted as well in the inception of a website for internet trading of handicraft products. Also, SEWA has been very active on the national level by demanding the promotion of cooperative membership, improvement in healthcare and childcare facilities and initiating national women's forum in an effort to garner support and action to extend banking to the poor. Consequently, in 1990, the Reserve Bank of India (RBI), the nation's central bank, adopted a recommendation that banks be established in each district.

Long-term sustainability will only materialize if civil society and government recognize women's struggle within a given set of national priorities and the extent to which they enable women to challenge the existing priorities. Kabeer (1994, p.262) states that "It is only when the participation of poorer women goes beyond participation at the project level to intervening in the broader policy making agenda that their strategic interests can become an enduring influence on the course of development".

Microfinance initiatives must also go beyond traditional 'female' jobs (Mayoux, 2003a, p. 307). Encouraging women into male dominated jobs will help to push the unjust social boundaries that keep women in the private sphere. Female jobs do not necessarily mean small-scale commodity production, but it generally means low-income enterprises that have very little assets to generate any substantial return. Mayoux (2003, p.31) warns that even when microenterprises are able to generate higher incomes for women, the cost takes the form of a heavier work load. It is crucial that their productive role is not emphasized and increased at the expense of less time for their family, social and political activities.

Loan size is another feature that cannot be neglected within institutions. They must be large enough to generate significant increases in incomes, yet small enough for women to have confidence to apply. Organizations must ask themselves if poor women are able to increase their control over assets (2003c, p.307). Women's control over assets will increase the likelihood of loan repayment and increase their confidence to make decisions in the household.

Additionally, offering low insurance rates to high risk clients such as the poor can be a challenge for the institution's sustainability. One way to overcome this challenge is found in the programme that Action for Social Advancement (ASA) offers which returns previous premiums to poor women who are unable to meet scheduled payments, this way poor people do not lose the entire amount they have already paid into the policy (Mayoux, 2003a, p.24). Moreover, institutions that do provide insurance and pensions plans must be cognizant not to increase women's vulnerability because of the financial incentives involved (Mayoux, 2003c, p. 307).

More importantly, MFI's goal should be to connect women to the existing formal financial services. Access to financial services needs to move beyond microfinance financial services to include access to mainstream financial services. The poor are best served when they have access to mainstream credit institutions; and are not disconnected through the development of new credit mechanisms. It is not about supplanting their existing informal credit networks that the poor women have at their disposal but to expand their options and strengthen their bargaining power (Kabeer & Subrahmanian, 1996, p. 39, 38, 44). Microfinance services are very limited and should be only perceived as an intervention to provide women with the skills and resources to help women move out of high risk, low return sectors. Emphasis on the informal sector with the capacity to generate self-employment, frame poverty as transient cash flow problems, instead of one which has its roots in the relations of inequality and society's economic policy (White, 1991, p.10, 34, 50 102).

In order for poor women to gain access to the formal financial sector, MFIs must offer financial services that are pertinent to meet the needs of poor women. Mayoux (2003a, p.24) asserts that high and steady increase in dropout rates from insurance programmes is not due to lack of need but often times due to the lack of relevance of services offered to meet the specific needs of the poor. More attention is needed when assertions are made that the poor are willing and are able to pay the full cost of microfinance services or that they are reluctant to either save or borrow. The poor desire to save, but they may have found alternative, economically profitable use for their money. Savings facilities must not only be flexible but also give women incentives to save and increase their authority over their own income while allowing them access to their spouse's income. Many times access to loans may increase household tensions allowing men to share less of their earnings with their spouses (Mayoux, 2003c, p. 307).

Exploitative credit lenders and impossible normative barriers have worsened poor women's situation, but it cannot be assumed that the informal sector services and insurance provisions are inferior (Mayoux, 2003a, p. 22). Mayoux (2007, p.44) warns that in many societies, they have well-developed informal social networks in the form of work groups or ROSCAs. Microfinance may not necessarily increase networks but limit ways in which networks could possibly enhance women's opportunities. Group sizes are significantly reduced to women who already know each other in order to maximize repayment, so there is no expansion of new networks. In fact, the returns from these informal savings and credit activities may give them bigger returns compared to the meager returns in the small-scale savings and credit provided by microfinance

programmes, which may not offer competitive saving returns or adapt to the diverse saving needs women desire.

Finally, donors must seek out institutions that address the above concerns of microfinance and/or are implementing measures to address the short-comings in implementation (Mayoux, 2003c, p. 311).

The concept of equality and the advancement of women are issues of human rights and social justice; hence, they should not be seen solely as women's issues. For these issues are very relevant to building a just, sustainable and developed society. In fact, women's empowerment and gender equality are pre-conditions for achieving security at all levels for everyone (Beijing Platform for Action, Fourth UN World Conference on Women, Beijing, 1995, para. 41, cited in Canadian International Development Agency, 1999, p.4).

Summary

Rahman (2007, p.41) is right in stating that microfinance is not leading a social or economic revolution, but the problem is not with microfinance but with the exaggerated expectations of microfinance initiatives. Careful research and attention to gender relations and gender needs can create a starting point for microfinance projects thus increasing potential benefits for poor women and men.

Neither microfinance programmes embedded in the WID nor WAD frameworks had the capacity to create transformative change; for both failed to look at the structural

framework that maintained gender inequalities. Admittedly, the initial equity approach under the WID umbrella brought to the forefront women's issues, but failed to support equitable conditions for poor women in the workforce. The WID's anti-poverty approach perceived women as simply a means to channel resources into the home and again did not address the gender inequalities in the household maintaining women's poverty. Later WID shifted its focus to efficiency and sustainability which emphasized different ways to extract resources from women and not necessarily give women resources. The assumption was that women's responsible and docile behaviour would automatically lead them to invest in their homes and small businesses; and microfinance would be the tool to extract poor women's resources. Their value would have an economic one and their commitment to the home would lead to poverty reduction as well as sustainability and efficiency. Although the WAD approach added class and capital to the analysis, its excessive focus on capital detracted away from the source of women's subordination, which is the unbalanced gender relation between men and women.

Consequently, the GAD approach has emerged as an alternative approach to address the strategic and practical needs of women. It examines the cultural norms that impede women's agency, access to resources and achievements in an effort to understand why women were still disempowered. This approach is the most ideal for understanding the conditions under which microfinance could empower poor women. It brings with it the concepts of empowerment, equity and equality, based on a *power with*, to organize around a common goal and a *power within* that reflects internal strength and reliance.

It emphasizes that gendered roles are mutually constituted and brings with it the need for men's involvement in understanding women's subordination. The exclusion of men from microfinance programmes would only intensify the disadvantaged position of women within the home while limiting the potential to create profound changes in attitudes toward women.

GAD's added emphasis on difference has also strengthened the possibility of tailoring microfinance to distinct settings. A project's success is very much context specific and what may work in one venue may not be applicable in another. Generalizing the needs of poor women (class, race and ethnicity) simply hinders meeting the needs of women.

Mayoux (2003a) and other scholars have proposed possible ways forward for microfinance programmes that could lead to meaningful changes. MFIs must ensure that training is ongoing and that educational and supportive services are integrated into its financial services. Organizations by no means can provide all the necessary needs for women, but networking with other organizations can broaden the services offered and also help with connecting with macro policies that affect women.

Also, gender mainstreaming must be embedded in every vision, mission and policy. It is the only way to ensure that women's and men's needs are taken in consideration at every level of their participation in the institution. Gender mainstreaming will highlight the disempowering requirement that MFIs have in place in terms of loan size, collateral

requirements, insurance schemes, group structure and composition and skill training for men and women.

Microfinance programmes can no longer embrace an economic agenda, focusing on only one aspect of women's lives, but embrace a multidimensional approach to women's very complex and diverse lives. It requires a joint effort with every actor in society involved.

Chapter 3- Cast Study: BRAC

Introduction

Bangladesh is a small, low-income country located in Southeast Asia with a population of 156 million of which 80 million are women (CIA, 2011a). In 2010, fifty percent of the population lived below the income poverty level of US \$1.25 a day (HDR, p.162).

Regardless of their ethnicity or if they reside in rural or urban areas, women are particularly hard hit by Bangladesh's pervasive poverty.

Despite their diversity, a common tie among poor Bangladeshi women is high levels of discrimination in all aspects of their lives. Bangladeshi women live on average more than three and a half years longer than men (CIA, 2011a), yet they enjoy a significantly lower quality of life. According to the *Human Development Report 2010*, Bangladesh is ranked 116th out of a 169 countries in gender inequality with a gender inequality index valued at .738, which measures the inequality between men and women in empowerment, health and labour (p.158).²¹ Constituting a little bit more than half the population, their share of opportunities and resources in the different public and private spheres are significantly less than half (Farouk, 2005, p. 2). Only, ten percent of senior level positions and members of the legislature are women, with 22 percent of professionals and technical workers constituting women. In 1935, women were given the right to vote, and in 1972,

²¹ Human Development Report 2010 Statistics: Gender Inequality Index (GII): Gender Inequality Index (GII). A measurement for lost achievements due to gender disparities in reproductive health, (maternal mortality ratio and the adolescent fertility rate) empowerment (the share of parliamentary seats held by each sex and by secondary and higher education attainment levels) and labour force participation. Values range from 0 (perfect equality) to 1 (perfect inequality) (HDR, 2010, p.26)

to stand for election (HDR, 2009, p.188), yet decades later, women hold 64 out of 345 seats in parliament (IPU, 2011). When practicing their right to vote, most women vote in unison with their husbands. However, as women's knowledge of politics begins to grow, they are beginning to vote for candidates of their choice (Schuler, Islam and Rottach, 2010, p.846; Pitt, *et al.*, 2006, p.798).

One of the factors that hinder women's independence in voting, job opportunities and social advancement is their lack of access to educational opportunities. The literacy rate among women in Bangladesh is 41 percent, compared 54 percent of men (HDR, 2007/2008, p.328). Closing this gap can be challenging, particularly given that only a third of women (25 years and older) have at least a secondary education (HDR, 2010, p.158). The rationale behind this blatant inequality follows the logic that since young men command a dowry at marriage and provide for their parents in old age they should be given higher levels of education. Girls, on the other hand, leave their families and join their husbands' families to resume their responsibilities within their in-law's home. The opportunity cost of educating girls is the time lost to household responsibilities, which include long hours of cooking, fetching fuel, caring for siblings and many other unpaid household responsibilities that young men do not have to bear to the same extent. Also, investing in a young woman's education is sometimes perceived as compromising her chastity (a considerable factor in the honour and status of the family in reference to marriage) due to social interactions with boys (Sharif, 2002b, p.3, 4, 5).

Women's reproductive rights, income and labour are all controlled by men (Farouk, 2005, p.2). Cultural norms, such as the Muslim practice of *purdah* that encourages the full covering of women's bodies and limits their social and physical mobility (Armendariz de Aghion and Morduch, 2005 p. 179) play a role in limiting women's social and economic activities and confining them to the household. A small number of young women belonging to the upper and middle-income classes are among the better educated with relatively good jobs, but are generally employed in traditional women's work that will enhance their eligibility for marriage. For the majority of women, the situation is less optimistic since the lack of access to opportunities limits many women from developing their skills or any type of capital whether human, social or financial. With fewer forms of capital at their disposal, it becomes increasingly challenging for women to advance their well-being or allow them to achieve dynamic livelihoods and autonomy.

Marrying off women as early as possible is beneficial to parents and affects the quality of capital women attain in relation to young men. Young women are married off as early as twenty and younger in the rural areas. With the widespread practice of providing a dowry, the bride's parents must pay a price as a means of securing a marriage (Sharif, 2002, p.224). This implies that young women have very low human capital which is insufficient for their survival outside a marriage. Those who never acquire any skills will most likely be pushed into prostitution or low-paying domestic service. When young women do acquire skills, they are kept in low paying jobs in areas such as garment factories (Sharif, 2002, p.224, 225).

Lower levels of enrollment in school and lower rates of literacy, it is no surprise that only 60 percent of women are active in the labour force, compared to 85 percent of men (HDR, 2010, p.158). And women who do work outside the home face potential threats and violence since men are skeptical of women holding positions of responsibility and, even more importantly, men are less able to control them outside the home (Farouk, 2005, p.3).

Reproductive health is another area of serious concern among poor, young women in Bangladesh. With poor access to essential information on contraceptive use or medical attention for themselves and their families, the maternal mortality ratio is 570 per 1000 live births with only 18 percent of total births attended by skilled health personnel. Women who seek professional help during their pregnancy will most likely seek help at delivery. Sadly, only 51 percent of women receive antenatal care coverage²² provided by skilled personnel at least once during their pregnancy, which puts them in a vulnerable, if not a deadly position. Their vulnerability is accentuated by women's limited access to contraception, which is used by only 56 percent of married women²³ (HDR, 2010, p. 158). Added to their vulnerability is the conscious neglect of young girls by their family (Muhuri and Preston, 1991, p.431).

²² Antenatal care coverage (percentage): it used as an indicator of access to and use of health care services during pregnancy. It is the percentage of women who used antenatal care (provided by skilled health personnel) at least once during their pregnancy (WHO, 2008)

²³ Adolescent ages 15 to 19 and married women: ages 15 to 49

Women's inferior status is perpetuated by strong patriarchal values entrenched in the society that keeps women dependent on males and prevents them from accessing power and resources. With men controlling power and resources, women are forced to bear inhumane treatment from early on in their lives (Farouk, 2005, p.2). Socially, violence against women is considered a tremendous threat to the development and progress in Bangladesh, yet, in most parts of the country, widespread violence and repression have increased women's vulnerability, which has been exacerbated by gender bias against women (Farouk, 2005, p.2).

The Constitution of Bangladesh states that women are equal to men in all spheres of public life, but it also recognizes religious personal laws that sanction gender inequality.²⁴ According to the 1951 Citizenship Act, the right of citizenship cannot be transferred through a woman and important events such as marriage, divorce, custody of children and inheritance rights are governed by personal laws which are outside legal jurisdiction, but are based on discriminatory religious and social practices that are held in both Muslim and non-Muslim households (Farouk, 2005, p.3).²⁵ According to a 2008 UN report, eliminating all the harmful aspects of traditional and customary practice perceived as a politically sensitive issue, thus forestalling any revolutionary change (p.67).

²⁴ Personal law is generally derived from long established practices that attain the force of law because people have adopted them or accepted them.

²⁵ Even though these personal laws are grounded in cultural prejudices and social norms, women can find (although difficult) legal protection from these discriminatory practices

But research by Schuler, *et al.* (2010) indicate that the situation in Bangladesh is improving, with a vast majority of women being able to make small purchases without their husband's consent. Of course, this is due to some husbands working outside the home during the day. In contrast to the early 1990s, when women were not allowed to travel alone outside the home, much less outside the village, Schuler *et al.* (2010) found that the women in the three villages researched were now able to leave their home alone and take care of family health emergencies (p. 845).²⁶ But he warns that this new authorized physical mobility is generally done reluctantly and when women do travel alone it is for a particular reason. Women usually prefer to be accompanied by men outside the home due to safety and traditional practices that stigmatize their physical movement. Increasingly women remain close to home not only due to domestic responsibilities but also due to maintaining assets and businesses they possess. Even when they venture outside into the public domain they veer away from the market which is very much still a man's domain filled with harassment and humiliation for women (p.846).

One of the venues used to uplift Bangladeshi women's situation is microfinance. The literature on the effectiveness of microfinance for empowering women is diverse and controversial. In this chapter I will present diverse studies on the impact of microfinance on poor, disadvantaged women in Bangladesh. I will briefly explain the microfinance climate in the country, followed by a description of the health, training, credit and educational services of BRAC, a leading NGO in Bangladesh's microfinance sector. I

²⁶ Faridupur, Magura, and Rangpur districts of Bangladesh.

will present key factors contributing to BRAC's success in areas of health, savings, investments, income and women's status. Then, I will challenge the notion that microfinance empowers women, citing key factors that prevent BRAC from challenging established gender norms.

Overview of the Formal and Informal Sector

Bangladesh's financial sector consists of diverse banking institutions, among them are the central bank, four government-owned commercial banks, five government-owned specialized development banks, thirty domestic private commercial banks, nine foreign-owned commercial banks, 29 non-bank financial institutions (NBFIs), and the Grameen Bank, specializing in microfinance. Private commercial banks command a large share of the market in terms of deposits and assets. Additionally, more than 500 MFIs licensed by the Microcredit Regulatory Authority (MRA) operate within the country. Other finance organizations are insurance companies, stock exchanges, and cooperative banks, which have a smaller share of the financial market.

Currently, four major microfinance models exist in Bangladesh (MRA, 2010, p.5). First, is the Grameen Model which started as an experimental project initiated by Professor Muhammad Yunus and is now an expansive microfinance institution. Second, are large NGO-MFIs offering microcredit programmes such as BRAC in 1972, Proshika in 1976 and ASA in 1978 which all capitalize on the success of the Grameen Bank (Charitonenko and Rahman, 2002, p.10). Since then, more than a thousand non-governmental organizations of which approximately 500 are licensed MFIs are operating in

Bangladesh. The third and fourth models are commercial and specialized banks and government operated microfinance programmes such as the Bangladesh Rural Development Board (BRDB) (MRA, 2010, p.5). Much of the market concentration is skewed in favour of the larger NGO-MFIs and the Grameen Bank with 8 percent of the larger institutions occupying 80 percent of the market (MRA, 2010, p.6)

The microfinance sector is growing at an unprecedented rate. As of June 2009, client numbers exceeded 19 percent of the population of which 24 million were borrowers (MRA, 2010, p.6) compared to 2000 when the number of clients were 15 million and number of active borrowers were 10 million with 90 percent of clients and borrowers as women (Charitonenko and Rahman, 2002, p.11). With microfinance moving from providing solely financial services, employment opportunities are growing with over a million people benefiting directly from employment from MFIs in Bangladesh (MRA, 2010, p.6).

From the beginning, microcredit operations had a savings component with very few credit and savings options available, but as time passed NGO-MFIs have developed and offered a range of savings and credit services appropriate for the rural financial markets. Savings product options come in the form of regular savings, voluntary savings and term savings; among credit product options are microenterprise credit, seasonal credit and others. Outstanding credit amounts rose an estimated three times higher than the savings of MFIs in June 2009. Between 2005 and 2009, microcredit rose annually at an average rate of 26 percent against a 20 percent growth of microsavings. At the end of June 2008,

borrowers on average had a loan of US \$80 with average savings of US \$21 (MRA, 2010, p.6).

With the proliferation of NGOs providing microfinance, Bangladeshi women are not only accessing financial services but also complementary non-financial services that are changing the financial environment in Bangladesh. With recent responses from the government and NGOs to educate women, more women are becoming aware of their legal rights in inheritance, marriage, child custody and child support in cases of divorce and other legal procedures for abuse or violation of legal rights.²⁷ One organization leading the way in providing microfinance services to rural poor Bangladeshi women is BRAC.

BRAC Development Program (BDP)

In 1972, Fazle Hasan Abed established the non-governmental organization called Bangladesh Rural Advancement Committee (BRAC) as a microfinance initiative in an effort to respond to the devastation of the Independence War (Dunford, 2002, p. 117; BRAC, 2008, p.2). At the end of 2008, BRAC had over 200,000 Village Organizations (VOs), which are seven or eight groups of five, totaling 8 million members with 6 million borrowers (BRAC, 2008, p.5). These VOs formed by individuals within the village are a form of social collateral and joint-liability for group members. Eligibility entails that members own less than 0.2025 hectares of land and are able to sell their manual labour

²⁷ *kabin*, an agreed amount of property a man should give his wife at the time of marriage (Schuler, *et al*, 2010, p.846).

for at least 100 days (Dunford, 2002, p. 119; Roy, Hyder, Chowdhury, Adams, 1998, p.2).²⁸ To complement credit services offered to the rural poor, non-credit services are also offered that deal with civil responsibilities, consciousness raising, and changing attitudes of and towards women (Pitt & Khandker, 2003, p.88). With all these services, BRAC has managed to have a low dropout rate averaging 5 percent and a loan recovery rate of about 90 percent (Khandker & Khalily, 1996, p.192)

Rural Credit Program (RCP): Requirements and Savings

Credit and savings requirements are explained within the first few weeks of membership. After six weeks of introductory training on BRAC's services and mission, credit is issued to new VO members. During this six week-long period, new members must attend regular VO meetings, agree and demonstrate their understanding of the rules and regulations of the VO and save regularly. Initial loans disbursed to VO members vary from US\$28 to US\$56, with various aspects factored into the final loan amount given to each member such as the amount of savings the member has (at least 2.5 percent of the loan and for subsequent loans a minimum of 5 percent of the loan), the member's perceived ability to make wise investments, and the amount of resources she possesses to use the loan profitably. As members continue their service with BRAC, they can gradually increase their loan amount based on their capabilities for repayment within timely weekly installments. After several years of membership in the VO, subsequent loans increase to US \$186 (Dunford, 2002, p.119).

²⁸ 1 hectare = 10,000 sq meters; 1 decimal = 40.5 sq meters; 50 decimals = 2025 sq meters; 2025 sq meters divided by 10,000 sq meters = 0.2025 hectares; 1 acre = 100 decimals, 50 decimals = 0.5 acres of land.

BRAC schedules weekly and monthly meetings for the VO members which concentrate on financial concerns, such as collection of savings, the decisions on the next disbursement of loans, the purpose for new loans, and repayment of loans. Its loan portfolio entails general loans which are loans that can be used as the borrower wishes; programme loans, loans given to promote different economic activities such as poultry, silk culture and social forestry that BRAC deems necessary to expand and there is scope for expansion. Other loans include housing loans and rural enterprise loans at a fifteen percent interest rate, repayable over a forty-six week period.

Before new members become eligible for new loans, they must save regularly, attend VO meetings and demonstrate their commitment to the rules and regulations. Unless they leave BRAC or an emergency arises, withdrawal of savings is prohibited. BRAC members save US \$0.09 cents per week receiving a six percent interest on their savings per annum. Also, women members must pay US \$0.19 cents per year for a life insurance policy and nominate an individual who will receive the US \$93 upon her death (Dunford, 2002, p. 118, 119).

Educational Services: moving away from a minimalist model ²⁹

BRAC is among the most integrated providers offering financial services, schools, legal training, productive inputs and assistance in marketing and business planning with a mission to improve health conditions and increase the advancement of women

²⁹ Organizational model where a single institution only provides credit and perhaps savings (Rodriguez-Garcia, *et al.*, 2001, p.88)

(Armendariz de Aghion and Morduch, 2005, p.20). The *Gran Sobha* are issue-based meetings that occur monthly within the community, providing education on issues such as health, legal services, domestic violence, early marriages and illegal divorces and other services that women deemed relevant, providing these trainings at the local BRAC office or its resource centres. For new VO members, Human Rights and Legal Education (HRLE) are provided within the first year of membership (Dunford, 2002, p. 119). Twenty-eight topics are covered addressing numerous laws such as land laws, Muslim and Hindu family law, constitutional laws, basic human and constitutional rights and criminal law. This training is for thirty days and is taught by a VO member who has received legal training from BRAC. The VO member collects a wage of US \$0.37 for each student of which .18.5 cents comes from BRAC and the other .18.5 cents come from the group members.

BRAC realized that training and skills development complement poor women's access to credit and use of credit. Thus, BRAC trains active VO women members on poultry and livestock rearing, silk culture, fish culture and in operating non-farming businesses. Qualified trainers conduct training which last from three to fifteen days, and held in the BRAC area office or in areas where the activity is conducive to that environment for example, fisheries or tree planting.

The Provision of Health Services

Since health issues were the primary reason individuals could not repay their loans or engage in lucrative activities, BRAC embarked on a health programme at the monthly

Gram Sobha. It covered topics such as vitamin sources found in certain foods, nutritional intake during pregnancy and lactation, the importance of immunization in prevention of deadly diseases, the use of sanitary latrines and the use of delivery kits for safe childbirth. Each topic is covered in a forty-five minute session, encouraging discussion and participation as well as the involvement of community health volunteers (*Shasthya Shebikas*) (Dunford, 2002, p. 120).

The Essential Health Care Program (EHC) trains *Shasthya Shebikas*, traditional birth attendants and traditional healers in the community in productive health issues that can bring awareness to both women and men in the community. Some of the issues discussed at people's doorsteps are information on HIV/AIDS, and other sexually transmitted diseases, including reproductive tract infections, hygienic sexual practices and domestic violence.

In order to reach a greater audience, BRAC provides its health workers and volunteers with flip-charts and picture stories that illustrate and explain the main issues and stimulate discussion, even among an illiterate audience. The project also trains health workers to provide initial assistance for people and to give referrals to those who need further assistance to the appropriate care providers or health facilities.

Within a predominantly Muslim environment, visual aids were developed with the need to be sensitive to religion. Before these visual aids were shown to the community, the materials were shown to community leaders for permission on the content that would be presented. Additionally, advocacy work was done in the community prior to the showing

of visual aids in order to explain the relevance of the project and allow people to be more receptive to the information when health workers canvassed the community. I found no evidence to indicate whether this was successful.

The EHC has also targeted pregnant women. BRAC recognized the need to assist this vulnerable group even more (Dunford, 2002, p.120). With the help of the *Shasthya Shebika* and the health Program Organizers (POs), the EHC is providing prenatal and postnatal care in the community and has created a referral link with the basic and comprehensive Emergency Obstetric Care unit of the government (Dunford, 2002, p. 121).

BRAC's nonformal primary education for children in the community

For children who are unable to attend regular government primary schools, BRAC has established an informal primary education called BRAC Education Programme (BEP) in the community with most of the children belonging to families that are members of VOs. The nonformal primary education program is an independent program but targets children of BRAC member village organizations (Dunford, 2002, p.121, 123).

BRAC's primary education initiative started in 1985 in response to the need for rural children to access education. At the end of 1994, more than 28,000 schools were established with over 800,000 children enrolled. Two models were developed for two different age groups in order to meet the needs of the children in the rural areas. The first model is called the Non-Formal Primary Education (NFPE), a three-year programme that

targets children ages 8 to 10 years old who have never attended school or have dropped out of school. The second model is called the Basic Education For Older Children (BEOC) which is a two-year programme that targets children ages 11 to 14 years old who have also never attended school, 75 percent of the students enrolled in both schools are girls. The primary goal is to complement the efforts of the Bangladeshi government's Universal Primary Education Programme goal of reducing illiteracy among the poor (Rashid, Chowdhury, Bhuiya, 1995, p.1).

The Training in Core Values and their Area of Interest

Field POs specialize in a specific task instead of conducting all aspects of BRAC's development programs, making the division of labour clearer for each field PO. This specialization identifies who exactly is responsible for specific tasks and reduces the likelihood that sectors and tasks will be neglected. It is also more likely to create a stronger programme since people will be engaging in tasks that are suitable with their interests and abilities (Dunford, p.122). Importantly, skills are updated in relation to new developments within their field and opportunities to receive new training for new skills. Specialization in specific areas is also carried over into the management of staff. Credit POs and non-credit POs report to different staff at BRAC area offices and head offices that have a separate management section for microcredit, health and social Development. Before BRAC staff branch off into specific training areas of interest and abilities, all staff must be trained in the core values, methodology and in the various programmes at BRAC (Dunford, 2002, p.123).

The Cost of Running BRAC's Services

BRAC's financial and non-financial services are funded from external and internal sources. The cost of the credit program and the educational programs are calculated separately. The financial cost of lending capital and the cost of receiving technical assistance are tallied into the cost of delivering financial services. BRAC funds some of its educational programmes through the surplus from its credit program and through its programs such as poultry, silk culture and social forestry, but the educational component of BDP is funded mostly by external grants. In some instances, BRAC has initiated a service charge for specific types of training and education, but is still very much dependant on external funding.

BRAC and Women's Empowerment?

BRAC's financial services complemented with non-financial services have undeniably helped many poor people, particularly women who have gained access to important information and resources that were out of reach before their involvement in the programme. But have BRAC's services contributed to women's empowerment? Some scholars such as Schuler, Islam, and Rottach (2010) believe that participation of women in microcredit or savings programme could be used as an indicator of women's empowerment. Beyond credit, weekly meetings exposed women to new ideas and perspectives (Schuler *et al.*, 2010, p.846, p. 847). Hussain (1999), for instance, showed that participation in microcredit programmes helped to transform women's traditional gender roles, thereby enhancing their status, increasing their mobility and political

awareness, and providing leverage for greater involvement in public campaigns and protests (p.97).

Existing studies put forward by Amin and Pabley (1994) and Naved (1994) reveal that microfinance has led to women's empowerment in Bangladesh (p.144, 145; p.164-167). Amin and Pabley's (1994) research in 36 villages in Bangladesh confirmed that participation in BRAC's programs had positive effects on women's decision making role since women were more likely to use the credit to purchase land, seeds, fertilizer or for housing repairs, giving them more of a voice in household decisions (p.145). These positive effects were also felt in women's control over resources and their increased physical mobility (p. 151).

Naved (1994) found that women in rural Bangladesh cited improvements in their lives by stating they were more involved in household decision making and had gained more control over household income, especially over their own earned income (p.164, 165) and experienced a decrease in vulnerability from spousal abuse (p.163).

Pitt, Khandker and Cartwright's (2006) study of rural women in credit institutions, BRAC among them, found that female credit had significant positive effects on women's access to and control over economic resources (income and savings) and finance (borrowing funds and deciding on its use). These positive effects spilled over into the home as women had more authority to manage and conduct major household economic transactions for example, housing repair, livestock purchase and household loans and

land/equipment transactions. It also increased women's mobility and networks, which reduced the number arguments pertaining to women traveling outside the home (p.814-815). Rahman, Junankar and Mallik's (2009) study in rural Bangladesh also indicated that borrowers had higher levels of control over assets, but the authors' results did show that in one district in particular the difference in control over assets was merely two percent, with 29 percent among borrowers and 27 percent among non-borrowers (p.295).

Additionally, Pitt *et al.*'s (2006) research showed that spousal communication on family planning and parental concerns increased positively as well as husband's opinions of and actions towards their wives, once credit was given to the woman.

Women's activism and awareness also grew, especially about how a premarital bridal contract can be used to help a woman in the event of a divorce. Women were more likely to know the name of their area representative in parliament and the probability that she would vote and vote freely for her choice of candidate (p.815-817). Women were now taking advantage of private polling booths to vote independently of their husbands (Naved, 1994, p.169). In fact, Rahman *et al.*'s (2009) research showed that over fifty percent of borrowers were becoming more politically consciousness and listening to the radio or television news regularly. However, they do admit that this phenomenon was not isolated to borrowers, but found that over fifty percent of non-borrowers were also in sync with political issues (p.295).

Based upon sixteen female empowerment indicators that he developed, Zaman (1999) argues that microfinance reduces women's vulnerability and greatly influences women's control over assets and knowledge of social issues (Zaman, 1999 ,p.1). He collected data from 1568 women of which 379 were BRAC members and 1189 were non-members.

Zaman (1999) argues that the amount of credit a woman borrows positively correlates with her level of knowledge. A woman who borrows more than US \$143³⁰ from BRAC is twice as likely to know the legal procedures for a divorce compared to non-borrowing members and a woman with cumulative loans of US \$143 are 10 percent more likely to be aware of dowry as an illegal act. Politically, BRAC borrowers have a higher probability of knowing their local chairman's name than non-borrowers. Once the level of credit borrowed fell below US \$143, women were less likely to know the legal minimum age for marriage compared to an eligible non-borrower.

The study showed mixed results on women's ownership of assets. Non-borrowing members have a 15 percent greater chance of owning poultry compared to borrowing members with more than US \$143 in loans. On the other hand, women who borrow less than US \$72 are 3 percent points more likely to own livestock compared to a non-borrowing member (Zaman, 1999, p.18, 22).

Zaman (1999, p.21) also showed that greater access to economic resources and larger loan sizes increased women's control over their assets. Women who have a loan of more than US \$143 are 26 percent more likely than non-borrowers to sell her poultry without spousal

³⁰ 1 US dollar equals 70 takas (10,000 taka equals US \$142.86)

consent. The same for a woman's control over jewelry: members with loans that total US \$143 are twice as likely to be able to sell their jewelry independently compared to an identical non-borrowing member.

Health outcomes for BRAC members

Pitt and Khandker (2003) researched the effects of credit given to groups and its impact on the nutritional health of children by gender. One of the credit organizations studied was BRAC. The research was based upon a 1991/92 survey of 1,798 households in 87 villages in 20 subdistricts in rural Bangladesh (p. 88, 92, 103). The villages were randomly selected from a list provided from the program local credit office that was in operation for at least three years and non-programme participants were randomly selected from the village census of the government of Bangladesh. The study showed that a 10 percent increase in credit to women had substantial impacts on children's health. The height of girls and boys respectively increased by an average of by 0.36 and 0.50 centimeters per year, while credit given to men showed that the average height of girls and boys decreased by 0.16 and 0.11 centimeters respectively. Also, credit given to women had positive effects on girls' arm circumference and body mass index (BMI) compared to credit given to men (Pitt and Khandker, 2003, p.111, 112).

BRAC sponsored studies also revealed that BRAC educational programmes do teach the importance of treating boys and girls equally. Through mealtime observations, it was found that BRAC members were more likely to engage in equal food distribution compared to non-members (Dunford, 2002, p.122).

Financial benefits in the form of increased savings and income

BRAC's services have also made a positive impact on participants' savings and assets.

With high levels of savings, BRAC members have greater asset ownership than non-members and a debt to net worth ratio of three percent compared to eight percent for non-members, which simply means that for each US \$1.43 of net worth, an average rural household's debt is US \$.04 (Khandker, 1996, p.18). Khandker (1996) study showed that BRAC households on average invested more in non-agriculture and agricultural assets and had increased savings and a greater amount of assets (Khandker, 1996, p.19).

In reference to economic resources, BRAC membership greatly influences woman's savings. A non-borrowing BRAC member will more likely have more savings than non-BRAC members by 41 percent (Zaman, 1999, p.18, 22). The study also showed a strong correlation between loan sizes and women's level of decision-making over their savings. With more than US \$143 in cumulative loans from BRAC, women are 16 percent more likely to control their savings than non-borrowing members (Zaman, 1999, p.21).

Rahman *et al.*'s (2009) study of 387 borrowers and 184 non-borrowers from BRAC and two other major credit institutions, showed similar results in increased savings and assets, in particular land, among BRAC borrowers (p. 291). They also found that decision making over the purchase of goods was mostly found among borrowers who own productive assets such as land and houses, had savings or owned a poultry shop, thus allowing them to keep the money from the sale of these assets (Rahman, *et al.*, 2009, p.293).

With more income and complementary services to increase the chances of success, Hashemi, Chowdhury, Bhuiya, Rana, and Pieris-Caldwell's (1996) study of 1,300 married women under the age of 50 claimed that Bangladeshi women experienced empowerment from the use of microfinance based on eight empowerment indicators: mobility, economic security, ability to make small purchases, ability to make larger purchases, involvement in major decisions, participation in public protests and political campaigning, relative freedom from family domination and political and legal awareness (1996, p.637, 638). However, the authors admit that one indicator that did not differ much from non-members was freedom from domination (p.640).

Reasons for BRAC's Success

For Khandker and Khalily (1996), BRAC's success is connected to the success of its development programme and credit programme. Its microfinance services integrated into other services that promote health, consciousness-raising, skill development, literacy, basic education, business management skills and credit (p.154) have enable BRAC to reach and provide services to millions of people. Health interventions have decreased the number of sick days that keep women away from managing their business and have lowered the cost associated with illnesses (travel and medical expenses). Educational interventions have been crucial for raising awareness and decreasing client's vulnerability. All these interventions have collectively improved the well-being of women and their management of credit.

BRAC also embodies a strong commitment to a multi-sectoral approach. This is evident in its use of funds from other programmes to subsidize less profitable programmes. For example

the use of surplus generated from the credit programme and its vocational training programmes to subsidize some of its educational programmes. Funds from donors further enable BRAC to offer a wide range of services, including those that fail to directly generate revenue.

Additionally, BRAC has a skilled staff to run the different programmes. With BRAC's emphasis on specialization and positive micro-entrepreneurial outcomes cited above, each programme is filled with skilled employees who possess the theoretical and technical knowledge to manage and implement BRAC's programmes.

Further success is evident in the training clients and staff undergo before managing or receiving credit and non-credit services. BRAC's staff must undergo training in the values and mission of the organization and in the management of services. One important addition to this training is the integration of gender and development into their training modules for staff members (Goetz and Gupta, 1996, p. 56). As for clients, they too must undergo training before they receive their first loan or instruct an educational course in human rights and legal education. As a result, everyone becomes equipped with the appropriate skills to execute the mission of the organization, to give appropriate and accurate advice and to improve the returns on loans so that clients can live sustainable lives.

Khandker and Khalily (1996) state "BRAC has developed a market niche among the poor who see it as a place to learn." BRAC's provision of physical space in the public sphere for

the poor, especially poor women provides a safe venue to learn, to develop skills, to receive credit and access savings facilities. Additionally, these spaces allow women to gather, interact and converse with each other (p.192), a provision that was previously lacking. Women may have few excuses—let alone opportunities—to venture outside the home; now this credit programme provides an additional reason for them.

Furthermore, BRAC targets areas that need it. Rural women are less likely to have access to essential resources and utilities. BRAC's large membership is an indicator that the provision of these services is in areas with limited services, attracting millions of poor women who have few alternatives.

BRAC also collaborates with the government of Bangladesh by assisting in the expansion of primary education throughout the country. It assists with this expansion through its two school models: non-formal primary education for younger children and basic education for older children. The aim of this project is to reduce widespread illiteracy, ensure women's education and involve communities in their development (Khandker & Khalily, 1996, p.153).

Moreover, BRAC's use of educational materials that is sensitive to clients' educational levels encourages participation. Women cannot achieve any level of empowerment if they are unable to participate. Many of these poor women that join the organization are illiterate and the use of pictorial material effectively conveys important messages and reaches a greater audience and increases the women's participation.

Finally, the frequency of meetings for credit operations and non-credit issues is important. BRAC's monthly required issues based meetings and weekly loan repayment meetings give the opportunity to not only provide awareness of rights and educational and training sessions in health and business but also gives the opportunity to provide follow up sessions on pressing issues, thus decreasing the chances of women leaving the organization.

Questioning BRAC's Empowering Impacts

Undeniably, women's involvement in BRAC has improved Bangladeshi women's dire economic situation and increased their participation in the household. Yet as Amin *et al.* (1994, p.146) observe, it has also done little to influence basic attitudes about gender. Women's involvement in decision making did not mean that their decisions would take precedence; husband's decisions still took precedence (Naved, 1994, p.165).

Amin and Pebley (1994) admit that the positive effects of microfinance were elusive regarding marriage and education of their daughters (Amin and Pebley, 1994, p.151). Many women shared the opinion that girls should be married as early as puberty and boys should be married in their late twenties or when they are able to comfortably support a family. Amin and Pabley's (1994, p.144) study also revealed that no evidence exists that BRAC members share the notion that sons and daughters should be equally educated compared to non-BRAC members or women in non-credit programs.

Group discussions and observed behaviours uncovered the deep-rooted cultural norms that women have yet to overcome, including giving preference to sons. An important note is that girls are generally reluctant to disclose their dissatisfaction with insufficient food due to traditional norms imposed upon them (Roy, Hyder, Chowdhury, Adams, 1998, p. 9-10). Financially constrained families would educate sons before they would educate daughters (Naved, 1994, p.173). Pitt *et al.* (2006) noted that unobserved household, individual, and area characteristics might be missed in this study (p.793) that may limit women's empowerment.

Most of the studies showed improvement in women's physical mobility, but a common theme was the reluctance of women to travel alone despite approval from men. Women's physical mobility is seen as a necessity for the welfare of the home and not out of women's independence, whether women were apart of credit programmes or not, their comfort level increased when they were accompanied by someone (Rahman, *et al.*, 2009, p.295; Naved, p.167). For some, they struggle internally with their religious views that impose much guilt upon them, portraying the act as an outright sin (Naved, p.167). Besides religious norms, income-generating activities and household responsibilities all keep women close to home (Amin, 1994, p.145, 146).

Another concern was the lack of contraceptive use among women. Hashima *et al.*'s (1996, p.7-8) study of over 600 women showed that areas where family planning is taught does not necessarily translate into actual practice, with only 56 percent of women using contraception. Some factors may be due to age and educational level while other

factors had to do with the form of birth control. For example ligation and the inter-uterine device (IUD) were blatantly rejected by husbands (p. 7, 14). Even when birth control was used, Pitts and Khandker (2006, p.798) found that use of birth control was concentrated among women and not men because they were unable to persuade their husbands use some form of birth control.

Morduch's (1998) examination of a cross sectional survey of approximately 1800 households in Bangladesh that are serviced by MFIs, (including BRAC) challenges findings that purport improved levels of consumption and higher rates of educating children (both male and female). But he does admit that microfinance did smooth consumption levels through diversification of labour supply during the different seasons (p.2-3), which would also contribute to the household's welfare and influence women's decision in the home.

Montgomery *et al.* (1996, p.131) echo the reservations about the empowering effects of BRAC's microfinance, especially across socio-economic classes. Because of performance measures used for POs and *Gram Shebaks*, it forces them to be more selective when recruiting new members, generally choosing clients who are better-off among the poorer class, this helps in boosting performance of loan repayments and social impacts. Amin (1994, p.130-1) and Pitt *et al.* (2006, p.793) all agree that as BRAC's services and reputation grew, it attracted women already highly motivated and capable of taking advantage of BRAC's services, thus losing its initial target of very poor women.

As for women's increased involvement in the public sphere, research by Goetz and Sen Gupta, (1996) reveals that forms of investment that increased women's control over their investment were usually outside the public domain. For women engaging in fishing and sericulture, BRAC's internal markets allowed women to purchase their cocoons for sericulture and many other essential productive inputs supplied by BRAC. This helped women reduce their reliance on household men within the productive cycle. Another form of investment that was easier to control and have rights of ownership over was livestock fattening and rearing milk cows, since women can do these activities from their homes. These activities allowed women to remain secluded to the production of household goods and excluded from wage employment (Pitts and Khandker, 2003, p.50, 93).

Reasons for Women's Disempowerment

Based on the empirical evidence above, specific gender programmes are still absent in practice at BRAC. Even though it has a gender and development model integrated into its training, more strategic programmes need to be implemented such as connecting women to campaigns, protests and advocacy programmes. Gender and development training are needed in order to challenge and deconstruct the deeply rooted prejudices that hinder women's access to resources, impinge upon their agency and limit their desired outcomes.

In order to fund gender and development training, more networking has to occur.

Organizations with a specific focus in gender and development training will have more

resources and time to dedicate to uprooting the prejudices that these women embrace than organizations that do not have a specific focus in gender and development training. It is important that alliances go beyond women's organizations and include men's organizations and businesses in the community that are willing to help in whatever capacity they can. This way BRAC would be reaching out to the broader community and involving more actors in a community problem.

Also, BRAC's microfinance initiatives enforce gender customary practices through the skill training given to women and the intentional targeting of them. Much of the skills development training for women in income-generating activities such as fattening and rearing milk cows and sericulture keep them close to home. BRAC has therefore circumvented the real issues that restrict women's mobility and sanction women's inferior status in the market, which is manifested in the form of harassment and humiliation. Targeting women because they are the primary caretakers of their home, will not challenge the given gendered roles, but simply allow BRAC to base its operation on these gendered responsibilities.

Group composition is crucial as well. Because of the pressure to succeed, better-off women, who are healthier or more independent, are selected to participate in BRAC's programmes. Consequently, women who are in dire need of the services are excluded. The exclusion of men is also a concern. Gender relations cannot be addressed if men are absent; for it captures the nature of the subordination and how institutions and social practices construct gender. Men must be targeted as well so they can become aware of the

negative perceptions and treatment of women that are attached to the belief that women are inferior.

Finally, Khandker and Chowdhury (1996) assert that BRAC and other microfinance initiatives must promote activities with new technology and marketable goods. Many microfinance initiatives promote economic activities that are already in existence. With everyone producing the same goods, the market becomes saturated, and it becomes difficult for poor women to live sustainable, life enhancing lives. (p. 257).

Summary

Bangladesh has many gender inequalities it needs to address, from growing gaps in education to equal representation in major decision making positions. Much of these inequalities are due to the strong male domination over women's reproductive activity, labour and income. In an effort to address the country's gender disparities, many actors have turned to microfinance to potentially empower women. With more than 500 microfinance institutions in the country and most NGO MFIs dominating the market, BRAC has been one of the few organizations to reach a large number of poor people, especially women.

BRAC has not only reached a great number of clients but has also been able to retain a great number of them through the multiple support services it offers with credit. BRAC offers five major programmes. First, the EHC that focuses on preventative care more than curative care. Second, the non-formal primary education programme that targets children

who have never completed primary education or never attended school. Third, educational programmes which offer information on legal education and human rights and provide an informal setting for women to gain information on domestic violence, health and political issues, how to prevent early marriages and other issue they wish to learn. Fourth, is the vocational training programme that equips clients with skills in order to take up various income-generating activities and fifth, the rural credit programme which offers, savings and four basic loan types: general, programme, housing and rural enterprise loans.

These interventions have led many scholars to claim that BRAC's microfinance initiatives lead to women's empowerment. With increased access to credit, women have improved their household's welfare, have been able to access better health facilities, have increased their children's level of education and, more importantly, have increased their status in their community and household. Scholars also purport that women on average are more involved in decision making, are more aware of their legal rights and social and political issues, are more likely to travel alone and experience greater liberty in voting for their choice candidate. Overall women seem to be more empowered.

However, some of these same scholars warn that BRAC's microfinance initiatives have not addressed many underlying issues. Financially constrained women are still more likely to give sons preference in education and food distribution. Although, women can easily travel alone, it is not due to their independence but springs from the need to sustain the household. Evidence still exists that loan officers are more likely to choose better off

women in order to boost performance levels, excluding women who truly need the services. And women are increasingly targeted since they are more compliant and more likely to invest the loans into the home.

BRAC's microfinance initiatives have failed to empower women because of the economic agenda that guides its initiatives. BRAC focuses on meeting women's daily physical needs of shelter, food, medicine, income and other essential survival means. But it has not allowed its clients to rethink the way things are done. In fact, it has based its operation on established gender norms by channeling its credit through women and training women in home based income-generating activities. It has failed to organize women more vigorously around political, social and religious issues that occur nationally but affect women locally. More importantly, its intense focus on women detracts away from men's role in perpetuating women's subordination. Therefore, BRAC does not empower women, but admittedly it has opened doors that were non-existent previously.

Chapter 4- Case Study: *Pro Mujer*

Introduction

Bolivia is one of the poorest countries located in South America with a population of 9 million of which 4 million are women (CIA, 2011c). Thirty eight percent of the population lives below the national poverty line and averages a GDP per capita of \$4, 357 (HDR, 2010, p. 144, 162). With a highly stratified society and great disparities in educational and economic resources along with high incidences of social marginalization (Gibb, 2008, p.7), this poor country struggles to close the gap of inequality between men and women.

Educational opportunities for women and their political participation have advanced considerably as have their economic participation and access to economic levels of decision making compared to decades ago (UNDP, 2003,p.5), but statistics still show that opportunities are far more favourable for men than women. Currently, Bolivia has a gender inequality index valued at .672 which ranks it 96 out of a 169 countries (HDR, 2010, p.158). In fact, most decision making positions in Bolivia are still male dominated with 64 percent of legislators, senior officials and managerial positions filled by males while 40 percent of the total amount of professional and technical workers are women. Since 1952, women have been allowed to vote and stand for election, but it was not until twenty seven years later that the first Bolivian woman became a presiding officer of parliament (HDR, 2009, 187). Today, only a quarter of the seats in parliament and little less than half of the seats in the senate are held by women (IPU, 2011).

The social advancement of Bolivian women faces many hurdles due to educational gaps and limited job opportunities. Women 15 years and older have a lower literacy rate than men (HDR, 2007/2008, p. 328) and only 55 percent of women 25 and older have at least a secondary education compared to 68 percent of men (HDR, 2010, p.158). These lower literacy rates and educational levels affect the types of human, social and financial capital women can access; it also affects their earning abilities. Most women in urban areas work in wholesale and retail and manufacturing sectors and in the informal economy as domestic workers and microentrepreneurs; in rural areas, women are concentrated in agriculture, husbandry, hunting and the forestry sector, engaging in very little manufacturing activities (JICA, 2006, p.25). Minimum wage laws dictate that both men and women are treated equally; yet women earn on average 61 percent of what men earn (HDR, 2009, p. 187; U.S. Department of State, 2009, para.107). They also have a labour force participation rate of 55 percent which is 19 percent lower than men's (HDR, 2010, p.158). This can be attributed to the fact that employers are reluctant to hire women due to the added cost of maternity leave in a woman's benefit package (U.S. Department of State, 2009, para.107).

Another area of concern is women's access to optimal healthcare. Even though women live five and a half years longer than men (CIA, 2011c), women's health is still below ideal levels. Out of every 1000 live births, 290 women die. In part, this is due to the fact that nearly one-quarter of women do not have access to skilled personnel at least once during their pregnancy and one-third are not attended by skilled personnel during delivery. With 60 percent of married women ages 15 to 49 using some form of

contraceptive, 40 percent of women are vulnerable to unwanted pregnancies that limit their opportunities and participation in the economy (HDR, 2010, p.158).

In Bolivia, when women launch their own microenterprises they usually have complete control over their businesses. Similarly, if a man starts a business his wife may help, but a woman's business is her business (Eversole, 2004, p.126).

However, gender norms vividly mark domestic responsibilities. Within the household, women make independent decisions about chores, but men independently decide on major household purchases (UNDP, 2003). In addition to household responsibilities and community labour including cooking, cleaning, shopping, childcare and networking, women are also equally involved in the running of their businesses (Maclean, 2011, p.6; Eversole, 2004, p.138). Bolivian women often times engage in microenterprises because it gives them the flexibility to balance work and family responsibilities (World Bank, 2005, p.3).

Rape, violence against women and sexual harassment are all crimes and punishable with prison terms in Bolivia; yet they are pervasive and underreported. It is estimated that 70 percent of Bolivian women have suffered some form of violence, but this may not even reflect the magnitude of the problem since many women do not report the daily aggression they encounter. Statutory rape and forcible rape of an adult is a crime, but spousal rape is not considered a crime under Bolivian law. Although, prostitution is legal

for women ages 18 and older, incidences of human trafficking of prostitutes have been reported (U.S. Department of State, 2009, para. 101-105).

Bolivia, women and men are entitled to the same legal rights, but women are frequently less aware of their legal rights than men. Land rights are a struggle for Bolivian women, especially in rural areas where a single, widowed and undocumented woman has little chance of ever owning land. The 1996 agrarian reform law mandated that equal treatment be given to women in terms of distributions, administration, occupancy and utilization of the land regardless of marital status. But discriminatory practices and the male dominated sectors of rural communities have ignored this law (JICA, 2006, p.21)

As inequalities continue to hinder opportunities for Bolivian women, microfinance has been proposed as a means of closing some of the disparities between Bolivian men and women while raising the value of women and their work. One organization, *Pro Mujer*, through its integrated services: business development, empowerment training, training and financial services, has made important steps in this direction. Prior to discussing *Pro Mujer* and its contributions, a brief overview of the microfinance sector and how it has impacted the direction of microfinance operations in Bolivia will help to provide an insightful context. The aim of this chapter is to examine the reasons that have limited *Pro Mujer's* success in empowering women beyond meeting their practical needs.

An Overview of the Microfinance Sector in Bolivia (1985-present)

In 1985, the Bolivian economy experienced hyperinflation creating widespread distrust of the formal financial sector, which opened opportunities for microfinance organizations to offer products and services that were previously inaccessible to those of a lower socio economic background operating small enterprises.³¹ In addition to hyperinflation, the growth of the microfinance sector was accelerated by the introduction of structural adjustment processes that required the Bolivian government to cut social spending, pushing many people away from government and mining jobs into self-employment (Velasco & Marconi, 2004, p.520).

By 1997, within the formal economy, the Bolivian microfinance sector had approximately 300,000 active microfinance loans with the number of consumer loans following close behind. The microfinance sector had a 50 percent market concentration. With so many MFIs entering the market, clients had access to quick and easy credit from multiple institutions. For some, having two or more loans simultaneously from different MFIs was the norm, and it was even seen as status symbol. Eventually many clients were buying more credit than they could repay and resorted to paying off loans with new loans. The rationale that spurred this new behaviour was the belief that by investing more, more profits would be generated.

When delinquency rates soared, it was concentrated among clients who had multiple loans from multiple institutions (Rhyne, 2002, p. 123; Rozas, 2009, para.9). In some

³¹ Price level increasing at extremely high levels or out of control

instances it was known as “poaching clients from other institutions by offering larger loans,” a successful marketing technique (Rhyne, 2002, p.131). In the end, the game revolved around what Elizabeth Naba called “Who collects first” (cited in Rhyne, 2002, p.132). The benefits of competition simply increased the level of debt in Bolivia which intensified a “mission drift” from the initial social mission of microfinance organizations, which was to serve the poor. Rhyne compares the problem of indebtedness to food: “credit is like good food: when seated in front of a feast, many of us eat too much and regret it later” (2002, p. 131). Not only that, but with a flood of credit on the market, consumption spending soared, with little credit left over to invest in income-generating projects or to be saved (Bateman, 2010, p.120).

As this market penetration continued into 1999, economic troubles were arising in South America, starting in Brazil and eventually sweeping through much of the continent. This economic crisis affected microfinance clients tremendously, particularly reducing the demand for their services. This shrunken demand affected the repayment of loans. Thus, loan officers spent a substantial amount of time trying to obtain loan payments from clients who had accumulating debt and a reduction in sales (Rhyne, 2002, p.123, 124).

An important lesson to derive from this is the need for cooperation among micro-lenders to mitigate the problem of sharing clients. Although it is against most microfinance organizations’ policies to lend to clients who are holding loans from other banks, keeping track of families’ financial situations can be costly (Armendariz De Aghion & Morduch, 2005, p.128).

Today, Bolivia is considered one of the countries with an expansive microfinance sectors in Latin America and a model for the rest of the world. Its microfinance sector has taken the form of NGOs or Development Finance Institutions (DFIs),³² commercial banks, Private Financial Funds (FFPs),³³ credit unions and cooperatives (Navajas & Schreiner, 1998, p. 6, 11, 14, 15), with private formal financial institutions providing the majority of the financial services in the microfinance sector followed by DFIs or NGOs (Rhyne, 2002, p.116-118; MixMarket, 2010).

The Bolivian financial sector is filled with multiple and viable players from both the formal traditional financial sector and the microfinance sector. As of May 2010, Bolivia had 13 commercial banks, 5 non-bank financial intermediation institutions, such as FFPs, 24 savings and loan cooperatives and 8 savings and loan mutual funds. Of these institutions, two commercial banks and FFPs are included in the Association of Financial Institutions Specializing in Microfinance (ASOFIN). In December 2009, microfinance assets were 42 percent of those of commercial bank assets with MFIs having \$3 million in assets and commercial banks leading the way with \$8 million in assets (MixMarket, 2010).

³² Not incorporated into the formal financial regulation

³³ *Fondos Financieros Privados* (FFPs) They are able to provide a wide range of lending activities and some savings activities but are prohibited in providing checking accounts, international trade transactions, trust operations and of charges of fiduciary duty and credit cards. They also have lower capital requirements of US \$ 1 million compared to commercial banks which is US\$ 3 million

With all this wealth generated in the microfinance sector, one organization in particular that is trying to shift microfinance towards its initial social mission of helping, poor disadvantaged women is *Pro Mujer*.

Pro Mujer Promoting, Empowering and Supporting Women

Pro Mujer is an international microfinance and women's development network organization that conceives microfinance as a vehicle to achieve the development of its clients (Velasco & Chiba, 2006, p.7) and has its network office, *Pro Mujer* International, based in New York (Velasco & Chiba, 2006, p.8). Founded in 1990, it works with impoverished women in eight of the nine Bolivian regions and provides financial as well as non-financial services (*Pro Mujer*, 2010b, para.1; *Pro Mujer*, 2010a ,para.2). The founders Lynne R. Patterson (a US school teacher) and Carmen Velasco (a Bolivian professor) wanted to help the poorest women in Bolivia achieve higher standards of economic and social living. With a U.S. government grant, they were able to meet women in their homes and courtyards and provided them with training, financial planning and childhood education (*Pro Mujer*, 2010c, para. 1). Today, the majority of *Pro Mujer* clients operate micro businesses either from their homes or in local markets (*Pro Mujer*, 2010a, para. 2). Since June 2008, it has been offering financial (credit and saving options), health and business development services and empowerment training to over 102,000 clients, who are mostly women, in 39 focal centers, and has a loan portfolio of \$22 million (USAID, 2010, p.11).

Most training and technical services are offered to women living in periurban areas of Bolivia, particularly in *El Alto*, a large unplanned city with many rural-urban migrants, (Rodriguez-Garcia, Macinko & Water, 2001, p.116) and *Pro Mujer* targets women who are barely meeting their basic needs, or living at the poverty line. Most of the clients are marginalized women with no or limited business knowledge, limited access to credit, low levels of income and few assets or little or no education (Dunford, 2002, p.127). With this socio-economic mission, *Pro Mujer* offers interconnected programs in empowerment, early childhood development, health and family planning, basic business skills, communal banks, pre-employment training, literacy, arithmetic and life skills for adolescents. It also shares the content of these programmes with other agencies (Rodriguez-Garcia *et al.*, 2001, 116; *See also* USAID, 2010, p.11).

With ninety percent of its clients women (Dunford, 2002, p.124), *Pro Mujer* operates on the notion that women will most likely invest in their families and capitalize on the different non-financial services that can improve their businesses and money management skills as well as increase their level of knowledge on social and political issues. With added social services to promote good health and improve self-esteem, the tendency is greater for women to lift themselves and their families out of poverty (*Pro Mujer*, 2010b, para. 2-3).

Communal Associations

Pro Mujer channels most of their financial and non-financial services through Communal Associations (CAs), similar to the village banking methodology. These associations have

on average twenty-three members, ranging from fifteen to forty members. Women who wish to gain access to these services are required to attend meetings which are held at intervals of seven, fourteen or twenty-eight days, depending on the experience of the group and credit terms that govern the group. Women in these CAs elect a management committee and credit committee to facilitate the meetings and to implement and control resources and services provided by the CAs and create solidarity groups in order to guarantee each other's loans.

Each meeting last for two hours with different time slots allotted for different topics such as organizational and financial matters, training in administrative skills, business development and health and any other issue related to the group's activities (Dunford, 2002, p.124). Some of these sessions may even cover topics on domestic violence, communication skills, women's rights, leadership roles, gender challenges and self-esteem. For topics not covered or in need of further explanation, referral services are available (including counseling, legal assistance, education and vocational training programmes (*Pro Mujer*, 2010d, para 3).

These CA meetings are held in *Pro Mujer* Focus Centres, with each CA having an assigned room. The offices of healthcare services and business development are located in the same Focus Centres, giving clients access to these services on their scheduled meeting days. These Focus Centres are usually less than a half hour away from a client's residence and *Pro Mujer* institutional offices. *Pro Mujer*'s policy encourages groups to be organized around Focus Centres so women do not have to travel great distances for

their sessions; for those living farther away, it is primarily due to the clients change in residence.

The provision of these services is a team effort that involves the Credit Officer/Educator leading and supervising all staff assistants who are facilitating the sessions at the centres. Because the Credit Officer's supervisory role is operational and not technical, he/she employs the help of others. Credit Assistants give advice on evaluating, granting and tracking loans. Business assistants provide expertise in business development by providing training and technical assistance while health assistants provide health training and primary healthcare services (Dunford, 2002, p.124). Additionally, a physician and a business technician are present to help the assistants coordinate with the Credit Officer/Educator.

The cycle of microloans: Conditional requirements for savings and participation

An important component of *Pro Mujer's* integrated services is continuous training, which is seen as fundamental to the process of personal and group development (Dunford, 2002, p.124). Before any client can receive loans he or she must undergo a 10 hour training programme that teaches clients how to organize a CA and familiarizes them on the credit terms and rules of the institution. Once this initial training is concluded, the CA receives its first loan, but training continues as members meet for repayment. The objective is to strengthen the organization and management of the CA. The management training for

CAs is about 30 minutes per meeting and can total four to eight hours during the term of the loan (Dunford, 2002, p.125).

The CAs allow for a collective and permanent learning experience in both the economic and social development aspect of the organization that promotes microloans geared towards profitable economic activities. *Pro Mujer* offers clients non-consumer loans. Non-consumer loans are given from as low as US \$50 to as high as US \$1000 with new loans disbursed into one lump sum from *Pro Mujer* to the CA. In turn, the members of each CA disburse the loans amongst themselves. Loans begin from US \$50 to US \$100 and have an incremental increase of no more than 30 percent reaching a maximum of US \$600 in six to eight cycles (Rodriguez-Garcia, 2001, 117). The first loan is repaid over a twelve week period, the second loan, sixteen weeks, the third and fourth loans over a twenty week period, the fifth and sixth loans are repaid over twenty four weeks, and the seventh loan onward is repaid over twenty-eight weeks (Dunford, 2002, p.124). Loans issued in Bolivian dollars have an annual non-subsidized interest rate of 48 percent on unpaid balances compared to 20 percent if they are issued in U.S. dollars (Dunford, 2002, p.125; *See also* Rodriguez-Garcia, 2001, 117). The first two loans must be paid in equal weekly installments and later loans may be paid twice a month if that CA approves. The approval of individual loan repayment schedules is granted based on cohesion, administration, number of members and the organization of the CA.

In the event of an emergency (illness, death or any unforeseen expense) each CA member is required to save 20 percent of the first three CA loans, the next three loans carry a 15

percent requirement and the subsequent three loans have a savings requirement of 10 percent of the loan. However, independently, the CA can decide to save higher than the required rate in order to strengthen its savings, which earns interests from the deposits in commercial banks and interests paid by members who borrow money from the required savings. Members can also open a voluntary savings account that has no minimum or maximum deposit and can be withdrawn on demand at payment meetings which has a 13 percent annual interest rate and is distributed with their dividend payments which is calculated at the close of each CA loan. Because each member is a shareholder in the organization, they receive earnings in the same proportion as their required savings on deposits (Dunford, 2002, p.125, 126; *See also* Rodriguez-Garcia, 2001, p.117).

Complementary Services: Business Development and Health Service

The Business development programme (a three to six hour programme per loan) is divided into two components. The first component deals with motivational and informative sessions on business improvement and business skills, and the second part deals with technical assistance. This accompanies individual consultations that involve an assessment of the client's business, allowing for the development of a plan that will improve the business with follow-up sessions built into it.

Pro Mujer's health education and health services are closely connected to the multiple roles women play as income earner, wife, mother and caregiver. With an overload of domestic responsibilities and women's low self-esteem perpetuated by the marginalization of women in all aspects of their lives, *Pro Mujer* observed that women

clients neglected their own health needs as well as their children's. Women's lack of attention to their health needs, trickled into the productive lives of women hindering their ability to access loans, to generate stable sources of income and to repay loans (Velasco & Chiba, 2006, p.15).

Pro Mujer's health component is divided into a theoretical and practical component. The first component informs and guides clients on health issues such as self-esteem, prevention of cervical cancer, family planning, sexual and reproductive rights, sexually transmitted infections (STIs), domestic violence, pregnancy and abortion risks, hygiene, children's health (breastfeeding, dehydration, respiratory infections, vaccines, nutrition), menopause, relaxation and mental health (Junkin, Berry & Perez, 2006 p.17). These sessions last for thirty minutes covering one topic at a time and totaling three to six hours of preventative healthcare training. The health service staff provides counseling for individuals and couples who are given the opportunity to choose their family planning method(s) based on the introductory information they have received on each contraceptive method. After the disclosure of proper information a follow-up session ensues in order to ensure proper use of the contraceptive.

The second component is primary health care services. *Pro Mujer* organizes frequent campaigns about the importance of screening for early detection of breast and cervical cancer and STIs. This is done with the mindset that clients will seek the appropriate consultation and treatment from trained medical personnel. Much of the organization's

efforts are not isolated but closely coordinated with other community health organizations (Dunford, 2002, p.126, 127).

Support for microenterprises is directly linked to health, with the need for people to have income to access health services and to live a healthy lifestyle. As women become more educated about health issues they desire to find ways to improve their health and families. With high unemployment rates in the formal sector, microenterprises have become a viable means of generating income. *Pro Mujer* supplies not only information on health and enterprise development but addresses ways to change people's behaviour that are consistent with their priorities. For example, many women know about family planning but few practice it (Rodriguez-Garcia, 2001, p.118). The poorest of the poor are often unable to effectively use credit because they themselves have poor health, or are lacking basic health services or essential information on health issues. This lack of access obstructs any progress in breaking the cycle of poverty (Rodriguez-Garcia, 2001, p.45, 46). The objective is to fit women into the Bolivian health system that has a focus on municipal control of health facilities and a national insurance programme for mothers and children (Rodriguez-Garcia, 2001, p.118).

Because life is very dynamic, information must evolve over time. To ensure the provision of current information, the training unit of the institution regularly develops, evaluates and adjusts the programme's content and training materials so they are applicable to the women's needs and contexts.

Active involvement of women clients is an essential tool for women's advancement. Women's shared knowledge added to the information presented at these meetings allows for the creation of new knowledge. This is done through a number of group activities that support multi-dimensional perceptives and participatory integration (Dunford, 2002, p. 126). Many of these sessions are based on previously identified topics raised by the women in the group. The goal is to encourage women to reflect on points raised and how these points relate to their experiences in order to add to the exchange of ideas with other women. Discussions are advanced with the help of workbooks, which are given to each woman and are tailored specifically for the needs of illiterate women. The workbooks have drawings that illustrate familiar topics, which women can discuss in small groups. Trainers as well contribute to the discussion with the help of their manuals and evaluation guides (Rodriguez-Garcia, 2001, 117).

The Cost of Running *Pro Mujer's* Programmes

Pro Mujer is kept afloat through donations and contributions from the community and money from investors. The income generated from *Pro Mujer* services is insufficient to cover the total cost of services. Health services have a fixed fee that allows clients to visit the clinic as often as they find necessary (Junkin, Berry & Perez, 2006, p. 23, 24, 31).³⁴ However, non-financial services (business development and health services) only cover 20 percent of their cost directly from the income they generate. In the future, *Pro Mujer*

³⁴ It does not state the fee amount, but in 2004, cost per client for the institution was as follows: financial services: US \$20.70; Health Services US \$8.70 (Calculated as the total health cost US \$419, 549 divided by the total number of clients for health services 48, 496 and the total financial cost US \$1, 315, 141 divided by the total number of clients 63,547)

hopes to cover the cost of educational and technical services from the revenue generated by financial and nonfinancial services. The credit program and the educational programs costs are calculated separately (Dunford, 2002, p.128).

The impacts of *Pro Mujer's* Services on Women

Now I turn to the impacts of *Pro Mujer* services on low-income women in the areas of women's business and personal development, health, solidarity and involvement in community organizations.

Impacts on Women's Businesses and Personal Development

Combined with business information and technical assistance, *Pro Mujer's* lending programme has created tangible outcomes for women that have spilled over into their personal lives. Associations for Financial Institutions for Rural Development's (FINRURAL)³⁵ (2003b, p.3) impact assessment revealed that *Pro Mujer's* clients of two years are more likely to show improvements in revenue and family income than non-clients; they also have some form of microbusiness and investments in business inventory. Twenty nine percent of *Pro Mujer* clients increased their income in the previous year compared to 18 percent of non-clients; there was also a positive impact on savings. Fifty two percent of the clients in the sample accredit their increased savings to *Pro Mujer's* services (FINRURAL, 2003b, p.4). Seventy two percent of women managed their household money independently from their business income compared to 54 percent of women in

³⁵ Asociacion de Instituciones Financieras para el Desarrollo Rural (FINRURAL) is a network for the Bolivian microfinance system (Velasco, Marconi, 2004, p 519)

the control group (FINRURAL, 2003b, p.2).

In addition to their improved financial situation, 60 percent of women felt that their overall situation had improved due to their participation in *Pro Mujer*. Women experienced increased self-esteem that was attributed to their new abilities and skills in business management (FINRURAL, 2003, p.3). This positive skill attainment spilled over into the home with women now able to communicate more effectively with other household members (FINRURAL, 2003, p. 5). With more income, women also had relatively higher access to existing public utilities such as sewers and telephone services. Home ownership was also more prevalent among *Pro Mujer* clients (Dunford, 2002, p.127). No evidence was found on whether these women could afford the installation fees for these utility services.

In terms of men's opinions, women now had something worthwhile to bring to the table in order for men acknowledge their contribution to the home. In fact, 56 percent of the women attributed improvements in the home to their involvement with *Pro Mujer* (FINRURAL, 2003b, p.3). Many of these positive achievements surfaced in the household in the form of decision making. With 52 percent of the *Pro Mujer* clients having control over the use of their income while only 4 percent of women had no decision authority over the use of their money compared to 10 percent of women who had control over their use of money, who were not involved with *Pro Mujer* (FINRURAL, 2003a, p.15). McNelly and McCord, (2001, p.13) also acknowledged

Bolivian women's increased participation in the allocation of monies for household expenditures, a phenomenon absent in the past.

Health Impacts on Women

Because of the organization's services, clients are better able to address the medical needs of children in both preventative and curative care (Dunford, 2002, p.127). A 2005 survey conducted in Bolivia showed that children of clients who have remained in *Pro Mujer*'s programme over time were less likely to become ill and when they did become ill, senior women clients had greater access to medical attention than newer clients. A caveat of this research showed that preventative care was not automatic, but it seemed to be more strongly integrated into the lives of long-term clients versus newer clients. Among newer clients, access to medical facilities was not significantly different from long-term clients but long-term clients were less likely to become sick, since long-term clients had more years of preventative care training.

Among these preventative care measures offered was access to pap smear tests which were greatly emphasized, with 59 percent of long-term clients accessing this service compared to newer clients (46 percent) (Junkin, 2006, p.19). Despite the difference of 23 percent, before joining *Pro Mujer* only 36 percent of women reported having a pap smear test compared to more than 95 percent of women having this examination after joining the organization (Junkin, Berry & Perez, 2006, p.16). Overall, the women in the sample were far more informed about their health and had access to medical attention than non-*Pro Mujer* clients.

Junkin, Berry & Perez's (2006, p. 4,17) focus group interviews with *Pro Mujer* clients found that once women began prioritizing their health, self-confidence soared tremendously among these poor women clients. These women have become more audacious when it comes to practicing in family planning and communicating with their husbands regarding the use of family planning methods. Overall women's nutritional health and pregnancy care (reducing their risks of birth complications) has improved along with increased number of breast exams. Some women even report a decrease in family violence. MckNelly and McCord's (2001, p. 13) also agree that poor Bolivian women have more opportunities to discuss spacing of children and ways to prevent pregnancies.

Impact of Pro Mujer's programme on poor women's solidarity

The financial and non-finance aspects of *Pro Mujer's* microfinance has had positive effects on women's solidarity. For example, Velasco and Marconi (2004, p.524) studied five groups from *El Alto* (an area covered by *Pro Mujer*) in order to understand the extent of growth among groups. For example, microfinance groups moved from not only supporting each other's business operations but moved into of running a joint canteen, providing coordinated voluntary assistance in a medical centre and campaigning together against the removal of government import duties on second hand clothing, which affected many of the interviewees who sold clothes.

Involvement in community organizations

Importantly, women who participate in *Pro Mujer* programmes appear more likely to be active participants (as members and leaders) in the community and local organizations than those who do not (Dunford, 2002, p.127; FINRURAL, 2003., p.2). FINRURAL's 2003 impact evaluation on *Pro Mujer's* programmes revealed that 44 percent of clients were involved and voiced their opinions in social grassroots' organizations, with 31 percent of these women in a leadership role. In contrast, only 20 percent of non-clients were involved in social grassroots organizations, with 13 percent of these non-clients in leadership roles (cited in Granado, 2003, p.28; *See also* Dunford & Denman, 2001, p.17). Based upon 100 interviews conducted in five *Pro Mujer* offices, Gibb (2008, 4, 5, 11) admits that *Pro Mujer* clients were more involved in community political life, public office, and general assembly meetings than non clients. However, Gibb's (2008, p.17) study does raise concerns about the added household responsibilities for Bolivian women in the home and the tendency for husbands to withdraw their support as women gain access to and generate more income.

Key Factors contributing to *Pro Mujer's* Successful Outcomes

Jenkin *et al.* (2006, p. 33) attribute *Pro Mujer's* integrated service model of credit and non-credit services to the following nine factors; the last one is based on my observations of *Pro Mujer*.

1. Top management is committed to providing a holistic approach to its clients. This commitment favours credit with educational and training components. This

commitment easily allows for cross subsidies from financial services to cover health service cost.

2. *Pro Mujer* has a management team that is equipped with the necessary skills to manage a multi-service institution. These skills include the ability to manage income and expenses for financial services and non-financial services in areas of business, health and life skills. The management team also has a fundamental understanding of the technical issues involved in each area and has the willingness and ability to raise crucial donor funds.
3. *Pro Mujer* has access to capable, affordable skilled personnel. Their skilled personnel providers have a strong interest in working with the MFI and forming mutually beneficial alliances.
4. These services were provided in areas where poor women need them the most, which is evident from the thousands of women *Pro Mujer* attracts. *Pro Mujer* operates in areas where poor women have few or no alternatives. These limited alternatives may be linked to cultural, social and economic barriers. Clients with high levels of education, good access to healthcare or training may not have interest in the programmes offered by MFIs.

5. Bolivia has a legal environment that supports integrated services. For example, *Pro Mujer* is not restricted by health regulations, allowing them to provide health information and health services.
6. *Pro Mujer* requires frequent loan repayment meetings. Clients are required to meet biweekly in CAs for loan repayments. These meetings provide the opportunity for increasing awareness of rights and providing educational and training sessions in health and business.
7. *Pro Mujer* builds long-term relationships with clients through ongoing training. Ongoing service and training, building trust and allowing skilled personnel to give appropriate and consistent advice for each client.
8. The focal centres provide a point of reference for clients and staff of *Pro Mujer*. These centres are generally within close proximity of women's homes (reducing the cost and time of travelling), which encourages a feeling of ownership and loyalty. With this sense of ownership and loyalty for the focal centers, poor women have less aversive feelings towards going to a doctor or other skilled personnel at the centres.
9. *Pro Mujer* takes advantage of economies of scale. Its significant scale of outreach allows it to organize sufficient number of clients to attract the interest of other

organizations that can provide essential services at reduced rates. As *Pro Mujer* attracts more clients, it reduces its marginal costs and improves its sustainability.

10. *Pro Mujer* uses pictorial materials to reach illiterate women. With pervasive illiteracy rates among poor Bolivian women, these images help to stimulate discussion without excluding anyone. Mayoux (2003, p.92) claims pictorial materials are important. They enable women to reflect upon content and make changes to their lives.

Questioning the Empowering Impacts of Microfinance

The value of the training and the educational component of *Pro Mujer's* programme cannot be over looked. They contribute to increasing clients knowledge, awareness of their rights and improving their health, (Junkin, 2006, p.21) and their economic position. But *Pro Mujer* has failed to challenge gender norms that have been the source of Bolivian women's disadvantaged and disempowered position.

Gibbs' (2008, p.5) conclusions challenge microfinance's empowering impacts on women. This study covers a period of four months in *La Paz* and *El Alto*, two major cities in Bolivia and interviews 100 women microentrepreneurs and key informants from *Pro Mujer*. She admits that some loans may contribute to increased consumption within households, but households in dire economic situations that have access to loans may not necessarily experience increased household consumption. Gibb (2008, p.16) states that women take out loans year after year, without experiencing economic benefits, but

continue to do so because they enjoy the feeling of receiving money. She states that is important to note that most women have never received a monthly paycheck or any substantial amount of money before this loan. For the moment, they can afford a new luxury item, which may bring temporary relief from deeper issues.

Increased incomes do not necessarily translate into increased self-esteem. Admittedly, any added income to a poor household contributed by any member of the household increases the survival chances of the family and may decrease family tensions. Gibbs (2008, p.19) argues that it is doubtful that this added income makes women feel more independent or increases their level of self-esteem. Women are often pushed into low paying jobs which do very little to boost their self-confidence.

Gibbs (2008, p.17. 18) also finds that even though couples are making more decisions together, women were still responsible for fulfilling their domestic obligations. In fact, 75 percent of women in loan groups were solely responsible for housework and child rearing. In some cases, the women reported sharing the work with her female children. Even when men were unemployed or sporadically employed, only 5 percent of men shared household responsibilities.³⁶

Furthermore, thirty four percent of the women in *Pro Mujer* reported dissatisfaction with the collection policy and harsh and inflexible penalties of the institution in reference to joint guarantees (FINRURAL, 2003. p.4).

³⁶ I am aware this is evident in many places including countries in the North.

Reasons *Pro Mujer* failed to Challenge Gender Norms

Gibb (2008, p.23) attributes the lack of empowerment of women by *Pro Mujer* to the absence of a specific consciousness-raising component that highlights the power differentials and discriminatory practices in society. Given women's financial straits, *Pro Mujer* pursues an economic agenda (which is not a problem), but it puts less emphasis on traditional roles and power relations, thus leaving intra-family roles unchallenged and unchanged. Microfinance initiatives that emphasize purely economic purposes lack the desired effect to empower women and challenge external power structures.

By solely targeting women, *Pro Mujer* has pursued its economic agenda based upon established gendered responsibilities. Taking advantage of women's household responsibilities, *Pro Mujer* has failed to challenge men's role in perpetuating women's inferior status. With added income come added household responsibilities for Bolivian women. Women are now responsible for the home, the business and in some cases seeking more sources of income because men have withdrawn their financial support due to women's access to or her ability to generate more income. Therefore, *Pro Mujer* must equally target men and women in order to begin uprooting unjust practices.

Pro Mujer must also have more flexible repayment schedules. This is indicative from the harsh penalties and home invasions aforementioned when women are unable to meet payments. Repayment schedules are generally set to the rhythm of the MFI instead of to the rhythm of the women's lives. Microenterprises may take some time to become fully

established and generate profit. Until then, women may undergo great hardship in repaying loans.

Pro Mujer needs to encourage the diversification of income-generating activities. The Bolivian economy is saturated with microenterprises that are replicating each other's income-generating activities (Bateman, 2010, p.120). This saturation lowers the price that producers receive for their services and goods which translates into lower returns and decreases the likelihood of women's businesses expanding. Thus, women's incomes do not significantly increase or their control over their income.

Another way to challenge gender norms is creating alliances with other women's movements. For example, access to land is a huge social justice issue in Bolivia. Two major barriers to enforcement of land rights are the strong patriarchal social norms and pervasive illiteracy rates among rural Bolivian women. Women cannot exercise rights if they are unaware of them. Organizing women around this issue will bring greater awareness to the problem and encourage women to actively develop ways to protest this social injustice. Promoting women in social and political activities will encourage women to tackle national issues that affect them in their communities.

Summary

Bolivia faces many challenges including gender inequality. Although women and men are entitled to the same legal rights, women encounter many customary prejudices and cultural norms that keep women and men on unequal terms. Gender norms create strict

domestic responsibilities between men and women, turn a blind eye to sexual harassment of women and hinder the attainment of land rights for Bolivian women.

One proposed solution to women's disempowerment was microfinance. After the Bolivian economy experienced hyperinflation in the late 1980s and witnessed the withdrawal of government expenditure in social services, opportunities emerged giving way to microfinance. The microfinance sector did suffer some setbacks. Clients eager to invest more with the hope of reaping large returns began taking out multiple loans from multiple institutions, consequently, becoming trapped in a web of debt.

Despite these setbacks, Bolivia is considered one of the countries with an expansive microfinance sector in Latin America and a model for the rest of the world. The Bolivian financial sector is filled with several viable players from both the formal traditional financial sector and the microfinance sector. One particularly important player is *Pro Mujer*.

Pro Mujer is an international microfinance and women's development network organization that perceives microfinance as a means for achieving its client's personal and business development. It offers four major integrated services: empowerment training, financial services, business development training and healthcare support. The business development training and the healthcare support services have two components, one is an informational session and the other is a technical session. These services rely heavily on donations and contributions from the community and funds from investors.

Pro Mujer's lending programme has created positive results among poor women. In addition to their improved financial situation, more than half of the women felt that their overall situation had improved due to their participation in *Pro Mujer*. Because of the organization's services, clients have better access to both preventative and curative care, are more involved in their community and local organizations and have developed positive bonds with other women in their groups.

Key factors in *Pro Mujer's* success is its top management commitment to providing a holistic approach to its clients; its management team that is equipped with the necessary skills to manage a multi-service institution; its access to affordable skilled and capable personnel; its provision of services to the most needed areas; its supportive legal environment for integrated services; its requirement of frequent loan repayment meetings; its ability to foster long-term relationships with clients through ongoing training, its creation of a safe space where clients can access services; its ability to take advantage of economies of scale and its use of pictorial materials to reach illiterate women.

Despite these positive outcomes, Gibb (2008) challenges the notion that microfinance empowers women. She argues that increased incomes do not necessarily build women's self-confidence. Even though couples are making more decisions together, she found that three quarters of women in a loan group were solely responsible for housework and child rearing. Additionally, FINRURAL's 2003 study showed that many women were dissatisfied with *Pro Mujer's* harsh and inflexible collection policy in reference to joint guarantees.

Much of the institution's failure to empower women is attributed to the lack of an empowerment programme tailored specifically for consciousness-raising that highlights the power differentials between men and women and societal norms that keep the power balance in favour of men. Therefore, men's participation is essential. It is also essential that *Pro Mujer* becomes flexible in the repayment of loans and encourages the diversification of income-generating activities in order for poor women to develop sustainable livelihoods. Finally, it is crucial that *Pro Mujer* creates beneficial links with other services for women that educates and supports them.

Pro Mujer has done much to help women survive within their socio-economic environment, but has done little to effectively challenge the cultural norms that privilege men.

Chapter 5- Case Study: FUCEC

Introduction

Togo is a small, poor West African country that has a population of 6 million people of which 3 million are women (CIA, 2010d). It is member of the eight-nation union, WAEMU (Ashta, Chalamon and Demay, p.2010, para. 1) and is one of the poorest countries in the world with 39 percent of its population living on less than US \$1.25 per day and a gross national income (GNI) per capita of US \$844 (HDR, 2010, p. 145, 162). Much of Togo's economic activity occurs in the informal sector, accounting for over 90 percent. Generally, the larger a country's informal sector, the lower their economic performance and the higher their level of poverty (ADB, 2006, p.8).

Amidst these economic hardships, Togolese women have great control over their income and dominate urban market activities. Since spouses rarely pool their incomes, women enjoy high levels of independence over the control of their earnings from economic activities. Because of relative this autonomy, men and women have strict separation of responsibilities and obligations in terms of income and expenditure (Guerin, 2002, p.17). In urban areas, women and girls are known to dominate market activities and commerce, but in the rural areas where most of the population lives, harsh economic conditions leave women with little time for activities other than domestic tasks and agricultural fieldwork (United Nations, 1992 cited in Gage, 1995, p.264).

These rigid responsibilities trickle down into a river of blatant inequalities between men and women in education, health, and politics. This is reflected in the country's GII valued at .731, ranking it at 115 out of 169 countries (HDR, 2010, p.158). Legally, a husband can restrict his wife's freedom to work and can control her earnings (U.S Department of State, 2001, para.71

In Togo, women's limited human capital attainments are strongly connected to their productive capacity. Presently, only 15 percent of Togolese women (25 years and older) have a secondary education compared to 45 percent of men. As a result, economic opportunities in the wage economy are skewed in favour of men. On average, these women earn only 45 percent of what men earn (HDR, 2009, p.188) and have a labour force participation rate of 64.6 percent, 21.8 percent less than men's (HDR, 2010, p.158).

Despite relatively poor access to adequate health services, Togolese women have a longer life expectancy than their male counterparts. These women live an estimated three and a half years longer than men with a life expectancy averaging 60 years (CIA, 2010). As many as 510 women die out of every 1000 live births with 16 percent of these women not having antenatal coverage at least once during their pregnancy. As for young married women, ages 15 to 49, contraceptive use is shockingly low with only 17 percent of them using some form of birth control (HDR, 2007/2008, p.328)

Changes in Togo's parliamentary elections after the death of the dictator President Eyadema, who ruled the country for 38 years, forced the country to revamp much of its

past practices, forcing it to set sail on a new political reform process. This climaxed in a multiparty parliamentary election on October 14, 2007. The international community oversaw the process and deemed it fair and transparent (IMF, 2008, p.3).

Despite political reform, women are almost invisible with only ten percent of ministerial positions filled by them, a very low number for a country that gave women the right to vote and stand for election in 1945 (HDR, 2009, p.188). Currently, only 9 women are present in parliament out of 72 seats (IPU, 2011).

Togo, like many low-income countries, embraces strong patriarchal social norms and practices that allow male dominance over women (World Organization Against Torture 2002, para.1). Under Togolese law, men and women are equal; under personal law (which follows traditional law that sanctions women's subordination), women continue to experience discrimination in pension benefits, inheritance and education. National labour laws require equal pay for both genders, but this provision is usually upheld only in the formal sector. Even though no restrictions exists on women owning property, under personal law a wife forfeits her child support rights in the event of divorce or separation and her inheritance rights upon the death of her husband. Legally, children are protected but personal laws frequently allow girls to be discriminated against allowing for disparities in school enrollments between boys and girls (U.S. Department of State, 2001, para.71).

Other oppressive forms of violence imposed upon women are marital rape and domestic violence (World Organization Against Torture 2002, para.2); husband can legally restrict his wife's freedom to work and control her earnings (US Department of State, 2001, para.71).

Another area of concern is female genital mutilation (FGM) or also known as female genital cutting (FGC). In Togo, Type II, which is the removal or excision of the women's clitoris and inner labia, is commonly practiced in four of the five prefectures. It goes beyond ethnic and religious tenets and The United States Department of State found that one in eight girls undergo this procedure (2001, para.1, 3).³⁷

Demographics seem to play a significant role in determining the likelihood of women undergoing FGM. Women 40 years and older are more likely to have been excised than younger women, and women with lower levels of education are more likely to have had it done. It is estimated that 16 percent of women with no education are likely to have had it done compared to 4 percent of women with a secondary education or higher (U.S. Department of State, 2001, para.4).

Customary practices still influence FGM. As many as 60 percent of women favour the abolition of FGM citing incidences of infection, hemorrhage and other health issues; still 40 percent of these women still see its importance as a cultural practice (U.S. Department

³⁷ Togo's two largest ethnic groups (Adja-Ewe and Akposso-Akebou) do not practice it, but other ethnic groups such as Cocoli, Tchamba, Peul, Mossi, Yanga, Moba, Gourma and Ana-lfe do. Also, the practice is concentrated among Muslims but Christians and Animists practice it as well.

of State, 2001, para.6). An excised girl commands a higher dowry compared to a non-excised girl. Performing the procedure at a younger age is also cost-effective since non-virgin girls incur a higher fee for performing the procedure which may cost anywhere from US \$0.40 cents to US \$10.00 (U.S. Department of State, 2001, para. 12).

On October 30, 1998, Togo's National Assembly voted to outlaw this procedure, with penalties including two months to ten years imprisonment. Nevertheless, under personal law, men own women after marriage. Women can refuse marriage and the procedure, but a husband can force his wife to undergo the procedure and family pressure can also favour the man's decision (U.S. Department of State, 2001, para. 24, 29).

With many gender challenges ahead for Togo, microfinance is seen as the tool to advance the position of women. This chapter will focus on FUCEC, a 28 year-old credit union network that has been running a programme called Credit with Education (Service CE/E) for the last 15 years.³⁸ But first, I will outline the evolution of the microfinance sector in Togo from 1957 to present. Then, I will describe FUCEC's financial, business and health programmes and present the research on the Service CE/E's impact on low-income women. The purpose of this chapter is to examine whether FUCEC has empowered women. I will present reasons for the organization's success in meeting women's practical needs, but I will end the chapter by presenting reasons it has failed to challenge discriminatory customary practices that have led to Togolese women's marginalized position in society.

³⁸ *Credit Epargne avec Education* (Service CE/E)

The Evolution of the Microfinance Sector in Togo from 1957 to present

James Winter, a US volunteer, was the creative mind behind the first agricultural cooperative located in a village in the plateau region in Togo in 1957. It was not until 1969 that the first fund, called a *Caisse d'entraide* (employee assistance fund), quickly transformed itself into the National Committee for the Development of the Savings and Credit Union Cooperative (*Conaudec*).³⁹ These funds known as Savings and Credit Cooperatives (COOPECS) spread from village to village; in 1979 they overcame the initial fears of credit defaults by using members' deposits to issue loans. Prior to 1976, COOPEC initiatives mostly operated in rural areas, but as the credit union movement grew so did *Conaudec*, transforming itself into Federation of Credit Unions and Savings Cooperatives (FUCEC) in 1983 (Ashta, Chalamon, & Demay (2011, para 1-5. Para.10)).⁴⁰

This transformation led to domino effects in other areas of savings and credit, in particular interest rates. In 1981, a maximum interest rate for lending was implemented at 27 percent. At the time, most MFIs in Togo were implementing an interest rate of 15 to 18 percent which was sufficient to cover expenses. Banks were also lending to MFIs at a 10 percent rate annually. These higher interest rates among MFIs were attributed to the fact that small-scale transactions had higher operating costs (Ashta, Chalamon, & Demay, 2011, para.14).

In most countries, external funding is essential for the development of microfinance. In the first phases of microfinance in Togo, USAID and European donors such as KfW were

³⁹ *Comité national pour le développement des unions coopératives d'épargne et de crédit (Conaudec)*

⁴⁰ *Cooperatives d'épargne et Credit (COOPEC); Federation des Unions de Cooperative d'Epargne et Credit du Togo (FUCEC)*

at the forefront of assisting FUCEC. However, in 1994, Western nations withdrew their support from Togo due to the absence of democratic practices, especially freedom of expression and representation in Togo. During this time the microfinance sector took on a different shape and turned its attention towards women.

With the loss of external funds and international isolation, FUCEC became financially weak and had to seek funds from internal sources. Even African development banks and commercial banks refused to give credit on the basis that their micro-entrepreneurial projects were too risky. As a result, FUCEC turned to its only other source: its deposits (Ashta, Chalamon, & Demay, 2011, para 16-17).

With all these changes, Togo steered in the direction of structural reorganization. Starting in 2000, the need for cost reduction led to mergers and consolidation of the different COOPECs. To further reduce costs, FUCEC legally escaped the three tier organizational requirement that organized COOPECs into different levels: local, regional, and national (CGAP, 1993).⁴¹ FUCEC argued that the middle tier simply added cost to FUCEC's operations. The FUCEC is organized into two levels: first, the COOPEC at the local level, which mobilizes member's savings and organizes credit disbursements in both rural and urban areas. Second, the National Union at the national level, which is a consolidation of the COOPEC, allowing for the sharing of costs of training, cooperative education, insurance, financing, inspection, auditing, consulting and performance (FUCEC-Togo, 2011c, para.5).

⁴¹ This legal requirement is put forward in the PARMEC law that regulates the governing of mutual or cooperative savings and credit institutions in the West African region

Three types of MFIs operate in Togo. First, the savings and credit institutions, like FUCEC, are fueled by the savings of members that allow the organization to disburse loans. These organizations perceive a necessary link to prior savings before a member can apply for a loan. Second is the direct credit system, emphasizing more of credit than the need to save prior to obtaining credit. This structure is modeled after the Grameen Bank. An example of this model is another MFI in Togo called Women and Associations for Gain both Economic and Social (WAGES). Third, is social projects added to the credit component. Credit is accompanied by a range of development activities that help members maximize the potential of loans (Akué & Adzoh, 2003, p.17). Both aforementioned MFIs (WAGES and FUCEC) have a social project component.

Presently, the microfinance sector in Togo is dominated by Savings and Loans and Credit Unions (known as COOPEC) and their networks. The most notable player is FUCEC with a 64 percent market share (UNCDF, 2004, p.8). At the end of June 2010, Togo had 174 different certified microfinance initiatives with an estimated 740,000 beneficiaries. One hundred and two of these are affiliated with 8 major cooperative networks, 66 are COOPECS independent of any network and 6 are NGOs. In addition to these microfinance initiatives *tontines* similar to rotating savings and credit associations (ROSCAs) are still popular in the informal sector (Ashta, Chalamon, & Demay, 2010, para. 35).

FUCEC: Combining Financial and Non-financial Initiatives

After its birth in 1983, FUCEC changed its name in June 2001 from the Federation of Credit Unions and Savings Cooperatives to the Holding Company for Credit Unions and Savings Cooperatives (FUCEC).⁴² Today, it is one of the oldest institutions operating in the microfinance sector in the country (FUCEC, 2011c, para.4). Since then, FUCEC has grown into a credit union network. Its member credit unions called COOPECs are financial cooperatives governed by the board of directors who are elected by cooperative members based on the principle of one member one vote.

Membership is voluntary, but minimum requirements do exist. An applicant would need to pay a membership fee of US \$0.05, complete the membership application form, and subscribe and pay at least a share amount of US \$2.15 to US \$4.31 into the fund, with the final decision resting on the Board of Directors (FUCEC, 2011d, p.1-3; Goldstein, Barro & Gentil, p.1999, p.76).⁴³ For those who wish to be elected to the board of directors, they must have savings totaling between US \$22 to US \$33 (Goldstein *et al.*, 1999, p.76). COOPECs are usually filled with people sharing similar financial needs and common bonds, for example, employees at the same company or people from the same neighbourhood. This common bond brings these people together and purportedly instills a sense of confidence in them (FUCEC, 2011b, para. p.1, 2).

⁴² *la Faïtière des Unités Coopératives d'Epargne et Credit du Togo* (FUCEC)

⁴³ Estimated US \$ 0.05. This fee is used for the membership procedures and is non-refundable if the member leaves the group or is excluded from the group. The official currency of Togo is CFA franc (Communaut Financiare Africaine), about 463 CFA franc is one US dollar.

A COOPEC generally finances members' needs in trade, particularly hotel and restaurant ventures, small industry, building and public works, transport and communication, social expenditure, particularly school fees and health expenses, agriculture, livestock and fisheries (FUCEC, 2007, p.37). For COOPEC members, loan sizes average US \$956 and savings average US \$226 (Tremblay, Quirion, Langlop & Klutse, 2006, p.13).

Reaching the poorest women: credit with education

Since 1996, FUCEC has extended its funding to very poor Togolese women, who cannot afford to pay the membership fees, buy shares, save the required amount to receive loans, and are too far away or who have the perception that credit unions are for men. Part of FUCEC's central liquidity fund is invested in the form of loans to these poor women through a programme called Service CE/E.⁴⁴ These women are organized into groups of eighteen to thirty-four, averaging twenty-four per group, which are called Economic and Social Interest Groups (GIES).⁴⁵ It is through these groups that services are provided, and a management committee is elected in order to lead the group. Within the group, smaller solidarity groups of four or five individuals, who act as loan guarantors, are formed. These women deposit their savings into group accounts, but do not have the same rights as members such as the one person one vote policy or participation in the credit union's governance (Dunford, 2002, p.114; Dunford, 2005, p.8).

⁴⁴ The central liquidity fund is 25 percent of each COOPECs members' deposits (FUCEC-Togo, 2011, p.5)

⁴⁵ *Groupements d'Interet Economique et Social* (GIES)

Membership requirements also exist for these poor women who wish to borrow in GIES. If members wish to borrow, they must be GIES members (FUCEC, 2011, p.3), have a minimum amount of savings in the group account with COOPECs which is equivalent to 20 percent of the loan issued to them (Tremblay, *et al.*, 2006, p.10), have completed membership training, attend GIES meetings regularly, are able to repay loans and engage in an economic activity that is authorized by the solidarity group to ensure weekly repayment of loan (Dunford, 2002, p.115).

The gathering of these groups is done in their local communities with a FUCEC field agent (*promotrice*) present for meetings, which run from one hour to two hours weekly for the first few loan cycles of sixteen weeks each. Once the group demonstrates understanding and reliability, subsequent meetings are held once every two weeks. At these meetings, the field agent provides savings, credit and educational services to the members. They also help in the registration of the GIES in order to receive the Service CE/E and provide a two hour orientation training over a period of five weeks. Initially, field agents lead meetings and encourage members to participate. Eventually, this role changes to a facilitator as the group demonstrates reliability in the management of loans. This allows for the GIES management committee takes on more of a leadership role (Dunford, 2002, p.114). This transfer of power must be done within three to six loan cycles.

FUCEC is responsible for hiring, training and supervising field agents; they are assigned to organize and manage GIES of participating credit union members. The field agent

undergoes a two week professional orientation that teaches him or her how to determine which villages would qualify for the Service CE/E, how to promote the programme to low-income village women and how to form groups for women interested in the programme. The field agent receives training in adult education and training techniques. The FUCEC program has a trainer who conducts most of the training, and for more specialized training, FUCEC has external assistance from either Freedom from Hunger (FFH) or PLAN International Togo (Dunford, 2002, p.115).⁴⁶ Other international partners are *Developpement International Desjardins-Canada* (DID), Confederation of Financial Institutions of West Africa- Burkina Faso, Program of Support for the National Microfinance Strategy (PASNAM) funded by UNDP and UNCDF (FUCEC 2011a, para.10).

For members and non-members, funds are provided through the FUCEC in the form of investments which are financed from the deposits of all credit union members. Much of these funds are from savings deposits of members who do not participate in GIES. This central fund serves the liquidity management needs for all COOPECs. Even though GIES members are not obliged to borrow, an overwhelming number of members do take out loans. Since April 1996, the Service CE/E has made loans averaging US \$109 (Dunford, 2002, p.115).

⁴⁶ Freedom from Hunger is based in California and is a non-profit organization that has been developing programmes to reduce chronic hunger for over 50 years. Since 1991, it has worked with partner organizations to develop a programme called Credit with Education (Rodriguez-Garcia, Macinko & Water, 2001, p.110).

Plan is one of the largest and oldest (over 70 years old) children's development organizations in the world. It works in 48 developing countries in Africa, Asia and the Americas to promote child rights and reduce poverty among children (Plan International, 2011).

FUCEC selects communities to participate in the Service CE/E based on their relative distance from a member COOPEC and their remoteness from cities and access to public transportation. The objective is to reach communities where financial services and NGOs are absent. In some of these communities, many of the people live off their crops and poverty is so entrenched that many are still not taking out more than US\$40 after ten cycles of sixteen week loans (Dunford, 2002, p.117).

Integrated approach: offering complementary services with credit

In order to improve the success of these applicants, the Service CE/E goes beyond offering financial services to offering complementary services that can enhance women's livelihoods. Educational services in health and business are provided to women who regularly attend GIES meetings, either weekly or biweekly, or are current savers and participants in a GIES (Dunford, 2002, p.115). The GIES meetings have a learning session that lasts for approximately thirty minutes, unless it is a scheduled loan disbursement and repayment session. In areas of health, FUCEC covers topics such as nutrition in the prevention and management of diarrhea, breastfeeding, infant and child feeding, immunization and family planning and self-confidence which is covered over a loan cycle of sixteen weeks. In areas of business, FUCEC covers topics such as sales and calculating profit margins and teaches women ways to improve their GIES management skills.

Many of these learning sessions are led by the field agent, but with the assistance of women participants. Different techniques are used to provoke discussion or introduce

subjects. For example, dramas are popular ways to engage the audience and encourage everyone to contribute. One popular drama depicts a couple that has seven children and would like to know the family planning methods available to them. This drama is a mirror scenario for most of the women and provokes animated discussions. At the end of the drama, the field agent comes and introduces the different family planning methods such as hormonal pills, Norplant implants, quarterly depot medroxyprogesterone acetate (DMPA) injections, condoms, the intrauterine device (IUD) and others. During this time, members in need of further assistance are referred to the nearest healthcare centre for information and access on the different methods discussed. Visual materials are also used in conveying information. With the help of the Togolese Ministry of Health and Freedom from Hunger, updated materials are continually provided (Dunford, 2002, p. 116).

The Cost of Running FUCEC's Programmes

Since an interest rate cap is imposed upon MFIs, one of the challenges with Service CE/E is the financial sustainability of the programme. In particular, the cap makes it difficult to recover the full cost of offering the services in remote rural areas (Dunford, 2005, p.11).

Since all of the services are performed by one staff member, due to cost issues, the program's financial and educational services are calculated together. So far credit operations have been able to cover over 90 percent of the unified cost of the Service CE/E. Additionally, grants from PLAN international and Freedom from Hunger are used as start-ups in new areas. The cost of technical assistance from Freedom from Hunger is not tallied into the revenue or costs of the programme (Dunford, 2002, p.117).

Positive Impacts from COOPECS on Togolese Women

Education added to small loans and savings has created marked changes in the lives of poor rural women. Despite the economic hardships in the country that limit these poor women's microenterprises potential, they remain with the group because of the social interaction with others and because of the information received during each learning session, improving the self-sufficiency of the program. For GIES members the positive impact is demonstrated by increases in the number of children going to school, the number of people able to access medical services and visible improvements in the social life of families and women. These improvements come in the form of more respect from husbands and from local communities due to women's financial contributions (Dunford, 2002, p.117). Gage (1995, p.269) reports that Togolese women earning cash are more likely to have a discussion of family planning with their spouses and use modern contraceptives as well as allocate their earnings to some rotating credit or savings schemes than those who do not work for cash.

Using data from a survey conducted in WAEMU countries, Abalo, (2007) found that microfinance has proven to positively impact microenterprise activities. This is measured in the volume of production, diversification of production, sales volume, competitiveness and business profitability, how labour is used and hours worked. Eighty-six percent of entrepreneurs reported increased production volume in their businesses and 64 percent of microenterprises increased profitability and competitiveness. Credit also allowed borrowers to increase the number of times their inventory was replaced and hire more labour. For 43 percent of microenterprises, owners reported that credit allowed them to

smooth cash flow problems (Abalo, 2007, p.11). A study conducted by Akue and Adzoh (2003, p.61- 62) found that in the seven microfinance institutions across the country, including the plateau region where FUCEC started, clients reported having higher savings and improvements in their farming practices compared to non clients. These clients attribute their success to training programmes implemented by MFIs.

Attitudes towards educating girls were also positively affected. Through advocacy and educational activities in the community, people were educated on the value of prioritizing their daughters' education (Akué & Adzoh, 2003, p.61).

The Service CE/E has allowed women to express new dreams of a better life. Women reported that there was a reduction in the number of household seizures, greater independence in terms of reliance on men for food and healthcare and higher levels of self-confidence. With increased financial contributions, women had gained the respect of their family and community. More importantly, all of the women surveyed reported having complete control over the use of loans issued from MFIs and had full control over the outputs their businesses generated (Akué & Adzoh, 2003, p.62). One testimonial in particular was from Tibidin Yalborne who cited her greatest barrier to undertaking income-generating activities as the lack of money. After gaining access to credit, her increased self-confidence has won her respect from her husband and her community. Her goal now is for her children to have a better life (Akué & Adzoh, 2003, p.62).

The Service CE/E in West Africa has opened many opportunities for its members to improve their socioeconomic status and/or self-confidence enough to encourage women members of CE/E to join FUCEC. As much as 35 percent of the women in the Service CE/E later joined a credit union as individual members. Many of them joined after one year of membership with CE/E and had the option to remain in their initial groups. In fact, 24 percent of the women joining the credit union were still members of CE/E. Women valued the solidarity of the group, enjoyed the education component of the service and desired to continue to borrow and save through the group (Dunford, 2005, p.9-10).

The programme staff and members played a key part in influencing membership. Twenty nine percent of new members were informed of credit union services by other credit union members and 17 percent were informed by a field agent.

Finally, the Service CE/E has shown little evidence of exclusion of women by better-off members or by programme staff (Dunford, 2005, p.8).

Reasons for FUCEC's Success in meeting Women's Practical Needs

FUCECs aforementioned success can be attributed to the following:

1. FUCEC's Service CE/E component covers essential skills and knowledge to improve investment returns on loans and ensure participation in the groups. Their microfinance initiative has integrated information and technical support that

covers health and nutrition, better business development and GIES management.

This additional support ensures that women are equipped with skills and resources to participate in the group and their own development

2. COOPECs and GIES meetings are located in the clients' community. This close proximity reduces transportation costs for clients, which appears to increase attendance and member's commitment level.
3. Is the forming of groups. Many of these women remain with the COOPEC because of the solidarity formed. Women have a safe space to form their opinions and create meaningful bonds.
4. Thousands of women have joined COOPECS in their local communities which is an indication of the need for educational and credit services in those areas. With high rural poverty and limited resources in the villages, more women are likely to join these COOPECs to gain access to needed services.
5. Is the use of teaching techniques that are conducive to learning. Dramas are used to illustrate important social and health issues among the women. Many of these women have very little education, so these dramas help to increase participatory learning by stimulating discussions among the women.

6. Is the encouragement of participation and ownership. The field agent initially manages the group of women, but eventually women are encouraged to take ownership of their group. They must take on the responsibility of the group and effectively manage it. They become directly involved in promoting their needs.
7. COOPECs create alliances with other organizations. The COOPECS cannot provide all the needed social support services, so they team up with organizations like Free from Hunger, Plan International and even their Ministry of Health to provide the essential services to these poor women. With the help of these other organizations they are able to acquire materials and technical information that they themselves cannot provide. In areas of health where the organization lacks the resources or information, women are referred to the nearest health centre.
8. The employment of skilled personnel to manage these different programmes is essential for sustainability. Many of these field agents undergo training in order to equip themselves with the necessary management skills and technical knowledge of the different programmes in order for the organization to run smoothly and effectively.
9. FUCEC has frequent loan repayment meetings that provide educational services. GIES meetings are held weekly or biweekly (depending on the reliability of the group) in their own communities. These meetings provide the opportunity for

increasing awareness of rights and providing educational and training sessions in health and business.

Assessing Impact on Poor Women

Guerin (2002, p.17) has noted that because men and women in West Africa rarely mix their incomes, they often assume different responsibilities and have access to different forms of capital. Therefore, the introduction of microcredit into the home is not likely to create a conflict, unlike the dynamics of a household where income is mixed. Since women wield greater control and higher level of independence over economic activities, they are less likely to be abused by their spouses or other male family members. Therefore, in terms of their control over money, microfinance might not be doing much more for Togolese women to increase their control over money.

Microfinance and Women's Disempowerment

Although FUCEC's credit with education component has tremendously uplifted many Togolese women from their former socio-economic circumstances, gender awareness programmes are absent. The absence of gender awareness programmes limits the extent to which women's strategic needs are taken into account and blurs the power dynamics within the household. Gender programmes are essential for women to discuss issues such as reasons behind FGM and legal codes that state women forfeit their inheritance of property upon the death of their husbands and other issues that keep women in a lower position to than their male counterparts.

Also, the focus on women diverts attention away from men's role in perpetuating subordination of women. Yes, Togolese women are the most vulnerable to poverty and are the primary caretakers. However, women's gendered role as primary caretakers should not be exploited in order to channel credit into households. Men and women will not understand the power men have over them until they are given the power to work with these men. By solely targeting women, microfinance organizations will fail to understand the root cause of women's subordination, which is intricately tied into patriarchal, personal laws.

FUCEC needs to increase networks to include more local organizations. Togo is a very poor country; therefore, it is imperative that FUCEC create beneficial links with other organizations. It will provide a means for more resource sharing. It will also help to expand networks beyond the immediate networks that Togolese women have access to.

FUCEC must also emphasize follow-up sessions, especially for the most vulnerable women. If women are still not able to increase their loan amounts from US \$40 after three years or increase their standard of living, then these women need more help. They need either more training or larger loans to make more profitable investments. Women must be able to increase their incomes significantly if they are going to live better lives.

Finally, it is simply inadequate to provide teaching tools that meet women's literacy level. FUCEC must either provide the opportunity for women to improve their literacy skills or have alliances with organizations that can help women increase their literacy

skills. When women can read and write, they can further their own learning and empowerment process.

Summary

Togolese women have great control over their income and dominate urban market activities. However, this relative autonomy has created a clear and rigid separation of responsibilities and obligations in terms of income and expenditure. These rigid responsibilities uphold the inequalities between men and women in education, health, labour force participation and politics. Despite constitutional protection, under personal laws, gender inequalities are permissible and enforced. Consequently, Togolese women continue to experience discrimination in wages, inheritance and education.

Since 1957, when the first agricultural cooperative began in a village in the plateau region, microfinance has steadily expanded its reach. In the early 1990s, the microfinance sector encountered great difficulties. One in particular was the withdrawal of Western Nations' financial support from Togo because of the repression of freedom and the lack of democracy in Togo. With the loss of external aid and international isolation, FUCEC became financially weak and had to turn to the savings of its members to finance its operations.

Presently, the microfinance sector in Togo is dominated by Savings and Credit Cooperatives (known as COOPEC) and their networks. Formed in 1983, FUCEC has been the most notable credit union network in Togo with a 64 percent market share.

It was not until fifteen years later, in 1996, that the first CE/E loan was made to FUCEC. It enabled the organization to extend its funding to very poor Togolese women, who could not afford to be a part of the organization. FUCEC provides educational services in health and business to women who regularly attend GIES meetings or are current savers and participants in a GIES. Many of these learning sessions are led by a field agent, with the assistance of the women in the group.

Many recipients of CE/E have reported positive outcomes due to their participation in the programme. GIES members cite an increase in the number of children going to school and accessing medical services and a visible change in attitudes towards educating girls. Women also report improvements in the form of more respect from their husbands and from local communities due to their financial contributions. Even in areas where economic deprivation is widespread, women remain with the group because of the social interaction with others and for the information received during each learning session (Dunford, 2002).

Nine reasons account for FUCEC's success with the Service CE/E: (1.) it covers essential skills and knowledge to improve investment returns on loans and ensure participation; (2) it conducts GIES meetings within the clients' community which reduces transportation costs for clients, increasing attendance and commitment; (3) it forms groups which help to foster spaces for dialogue; (4) COOPECS are located in areas where they are needed; (5) its teaching techniques and materials are sensitive to women's literacy levels; (6) it encourages participation and promotes ownership; (7) it forms mutual alliances with

international organizations and with the Ministry of Health; (8) it equips its staff with essential skills and information in order for them to provide accurate and appropriate advice; and (9) it has frequent loan repayment meetings that provide the opportunity to offer non-financial services.

However, FUCEC has failed to empower women beyond the control of their income. The key reasons for this failure is (1) it does not offer gender awareness programmes to Togolese women and men; (2) it gives very little attention to men's role in perpetuating subordination of women; (3) it does not offer women the opportunity to increase their literacy skills; (4) it gives insufficient emphasis on follow up training; and (5) it has engaged in limited networking with other local organizations.

Recognition of these key factors of failure underscores FUCEC's limited potential in empowering women. It has surely produced positive outcomes for women but it has failed to tackle the source of women's disempowerment.

Chapter 6-Analysis of BRAC, *Pro Mujer* and FUCEC and the Potential of Microfinance in Belize

Introduction

Barriers to female empowerment are context specific and vary among women.

Consequently, interventions to empower poor and disadvantaged women will differ depending upon the particular political, cultural, and social constraints that they face. In general, however, it is essential that women's rights are supported in the household and restrictions on women's mobility outside the home and access to markets are questioned. I studied three different institutions in order to understand the context that would be most likely to produce successful outcomes for low-income women in Belize. Surprisingly, three different microfinance initiatives had almost identical outcomes in terms of meeting women's practical needs, but all three failed to meet women's strategic needs as defined by Moser (1989).

This chapter will evaluate the outcomes of BRAC, *Pro Mujer* and FUCEC and argue that microfinance cannot empower low-income women, but it can be seen as stepping stone for creating opportunities for low-income women that were previously nonexistent. Then, I will describe and examine the existing gender and microfinance conditions in Belize and, drawing upon the lessons learned from the case studies in the earlier chapters, explain why microfinance is not likely to empower Belizean women.

Evaluation of BRAC, *Pro Mujer* and FUCEC

Edward and Olsen (2006, p.36) argue that market empowerment processes acculturate women to become acquiescent and efficient actors within the existing structures of an expanding market economy. *Pro Mujer*, BRAC and FUCEC have all pursued an economic agenda that deals with human survival. Each institution has offered health services that have significant relevance in settings where antenatal coverage and contraceptive use is low. Women are continuously lured back to these institutions because they provide services that are important for their survival. Unfortunately, only one aspect of these women's lives is addressed, namely their practical needs via income generation. GAD proponents would argue that women clients of these institutions were not encouraged to rethink and challenge their economic, social and cultural place in society or become active agents of change. Constructed gendered relations must be addressed prior to achieving equal distribution and empowerment.

With no gender specific programmes in practice to target power relations and prejudices between men and women. BRAC programmes did little to influence entrenched biases in favour of men. In fact, no evidence was found that equity existed in the homes of BRAC clients. Girls are still more likely to remain uneducated in times of financial hardships and male preference is still engrained in the behaviour of men and women. Men's position in society, culture, religion, economy and politics is so revered and protected that women's new niche in the decision making process is still less influential than men's. This is evident in issues such as contraceptive use, which is a responsibility laid solely upon women clients of BRAC.

Through *Pro Mujer*, increased incomes and savings brought temporarily relief to women's economic situation, but it did not mean that women challenged the internal and external oppression in their lives that dictated their roles in society. With increased decision making, household responsibilities fell solely upon women and their female children.

Through FUCEC, women's financial and economic situation also improved, but these programmes did not allow women to gain access to their spouse's capital or other resources. With strict divisions of responsibility in the household, women's improved access to credit simply meant that they had more resources to fulfill their gendered obligations and responsibilities. It did not mean that men relinquished their hold on their wife's freedom nor did it reduce the disparities in school enrollment between girls and boys. Ultimately, FUCEC did not equip women with information and strategies to command more authority in areas outside of their "domain".

Barriteau (1998, p.455) and Mohammed (1995, p.29) argue that gendered division of labour has led women to exercise their bargaining power in the domain they know best, the domestic sphere. In BRAC, much of the skills training for women is geared towards home-based income-generating activities such as fattening and rearing milk cows and sericulture. Home based activities gave women few reasons to leave their homes, and when they did leave their home and ventured into male domains such as the market, women were humiliated and harassed. In *Pro Mujer* and FUCEC, women were given training and information on how to increase the profitability of their chosen businesses.

However, *Pro Mujer* clients admitted that they would choose microenterprises that kept them close to home in order to balance their domestic and community responsibilities. For FUCEC, no evidence indicated that it pushed women into traditional female jobs or jobs that would keep them close to home, but Togolese women dominate commerce and agriculture, some parts of which (the production process) could easily be done from home or close to home as well.

As discussed in Chapter Two, Williams, Seed and Mwau (1994, p.233) envision a society that replaces *power over* with *power to*, *power with* and *power within* in order for people to make meaningful life choices. BRAC, *Pro Mujer* and FUCEC's educational and skill training programmes, especially *Pro Mujer's* empowerment training programme that focused exclusively on developing a sense of self among women are all important for developing the *power within*, a power essential for developing women's self-esteem, self-awareness and internal strength. FUCEC's emphasis on the field agent's role slowly becoming a facilitator's role, encouraging leadership among clients, is a great way to distribute power. These programmes have also increased women's *power to* make decisions in the household due to their increased economic contributions in the form of increased income, higher savings and more assets, increasing their self-reliance.

However, change cannot occur if power relations are unchanged. Due to the absence of a relational understanding of power and gender, microfinance programmes failed to address power relations in terms of *power over*, a relationship based on men's belief in their superiority and dominance, justified by culture. Naved's (1994) study of BRAC

showed that women's *power to make decisions* was limited and superficial because in most cases men's decisions took precedence. Admittedly, women are involved in the decision making process at home, but they have been unable to take power and to act upon those choices, thus limiting their agency. *Pro Mujer* did not actively challenge the discriminatory practices that thwarted single, widowed Bolivian women from assessing and managing land; in Togo, FUCEC did not address the issue of women becoming their husband's possessions after they were married which subjected them to the procedure of FGM regardless of their wishes.

Kabeer (2005, p.15) argues that women must respond to new economic activities as a new opportunity, not out of urgency to meet practical needs. This new opportunity must increase her sense of independence. In all three institutions, women are drawn into microfinance programmes out of an urgency to meet family needs. These microfinance programmes operate in areas where few opportunities exist for poor women, thus attracting thousands, and in BRAC's case millions, of women. For Bangladeshi women, travelling outside their homes broke down the walls of isolation, but it did not shake the walls of powerlessness. Travelling outside their homes was not due to new opportunities or newly acquired independence, but out of necessity to provide for their families. Many were still consumed by their guilt and influenced by the stigma attached to women travelling alone.

WID advocates would argue that women's integration into the market has allowed productive resources to be harnessed, maximizing production and efficiency in the

economy. Most of all, women's basic needs can be met because of their integration into the market. However, WID advocates have failed to understand that empowerment is not simply meeting daily survival needs (i.e at an optimal level) or facilitating traditional gendered responsibilities and expectations. Instead, empowerment promotes an appreciation of women's work, whether in the home or outside the home and, indeed, challenges the very idea of "women's work." It goes beyond accessing resources to having the ability to act upon their decisions that reflect their range of options in order for them to achieve outcomes they desire. In other words, simply pushing women into traditional female occupations does not increase women's access to information, expand their social networks or increase their opportunities to interact in public settings; it simply achieves outcomes that exist within their structured—and thereby limited—realm of possibility.

By no means am I advocating the cessation of the educational and training programmes that are often attendant to microfinance initiatives, but to acknowledge it simply as a precondition to achieving equity between women and men and not an end. GAD proponents argue that the anti-poverty approach is a precondition for equity. The challenge then becomes how to subvert anti-poverty for equity. Sen (1999, p.190) argues that agency and well-being are fundamentally different, but the role of agency in order to enact change must also consider women's well-being. The intricate interdependence between well-being and agency is necessary to achieve outcomes that women value. FUCEC, BRAC and *Pro Mujer* programmes generally increase women's income, but the

increase simply meets women's needs at the most basic levels without providing conditions for women to overcome their poverty.

Mayoux (2003, p.10) and Kabeer (1995, p.299) advocate a consciousness-raising component in development projects because it encourages women to reflect upon the current status quo, opening doors of opportunities for women to challenge the status quo. Critical consciousness followed by action is essential for women's empowerment. Microfinance institutions must acknowledge that development is complex and economic capital is only one dimension. Individuals need to have their needs met at physical, emotional, psychological, intellectual, spiritual and creative levels.

In order to maximize resources and create favourable outcomes in MFIs, networking can become a beneficial means to offer a wider range of programmes. BRAC's joint efforts with the Bangladeshi government to expand primary schools in the country and increase literacy rates are a great example of a beneficial alliance. In *Pro Mujer*, their healthcare programme has teamed up with low-cost health providers in the country to extend healthcare services to the poor and ultimately incorporate its clients into the national healthcare scheme. In FUCEC, alliances are made with other health centres that can provide further assistance to clients who need health information and services while international alliances have also provided useful materials and technical support.

Despite these alliances, BRAC, *Pro Mujer* and FUCEC must acknowledge their alliances with other crucial players in society. Gender discrimination is inherent in businesses, law

enforcement and government and non-government organizations; consequently, actors within each of these spheres will play a key role in the elimination of gender discrimination. Unlike WID which promoted small-scale projects developed by NGOs that were funded by international and bilateral agencies, GAD promotes the involvement of the state and the community, and I would like to go further and promote the involvement of everyone. Microfinance institutions should not be expected to empower women on their own, because the empowerment of women takes the collective effort of all government and non-government organizations; it takes the efforts of spiritual centres, schools and businesses at the local, national and international level to eliminate the years of entrenched discriminatory practices that originate from established personal laws. It is does not matter how many gender programmes are in place throughout BRAC, *Pro Mujer* and FUCEC, if gender programmes are not at the core of every other organization within their alliance circle, empowerment of women cannot be achieved.

Mayoux (2007, p.44) rightly claims that in many societies [as in Togo], well-developed informal social networks in the form of work groups or ROSCAS already exist. Microfinance groups may likely limit ways in which networks could possibly enhance women's opportunities. Group sizes are significantly reduced to women who already know each other in order to maximize repayment (p.44), resulting in no expansion of new networks.

A known feature of microfinance initiatives is the use of groups. WID proponents promote the use of groups in order to increase women's access to credit, but GAD

proponents advocate group formation as a political tool: women collectively mobilize in order to increase their political power within the existing economic and legal systems. Groups must create and strengthen support networks, increase access to information in the public sphere and can become a mechanism to drive collective action. Microcredit groups should not hinder women's participation in social and political activities, but foster it. Yet in all three of the institutions examined, groups are oriented towards a specific economic goal: serving as collateral for individual loans. I cannot assert that these groups have never engaged in activism to increase women's power in society, but I can assert that based on my research of all three institutions, the primary goal of groups was to increase women's access to credit. MFIs do not need to shift away from the economic (for financial resources are very important to meet women's practical needs), but women's non-economic needs cannot be of secondary importance (for it is important to meet women's strategic needs). The focus must not be either or but both. BRAC, *Pro Mujer* and FUCEC, women's time was mostly allotted to credit meetings, not legal and human rights issues such as female inheritance in Togo, title to and control over land in Bolivia and *purdah* restrictions in Bangladesh.

BRAC, *Pro Mujer* and FUCEC all target women because it is a profitable means to channel credit into the household. Advocates of GAD would argue that these institutions are not challenging established gender relations. In fact, they are reinforcing them by encouraging women to believe that their primary responsibility is in the home. Because women are taught to be docile, these three organizations have based their operations on

women's traditional roles and their triple burden, instead of addressing the power dynamics that have created this burden.

The inclusion of men in these organizations is also important. With intense focus on women, BRAC, *Pro Mujer* and FUCEC were unable to create a space for women to work with men. Gender relations are mutually constitutive yet by focusing solely upon women, microfinance initiatives have failed to transform male perceptions of not only femininity, but masculinity as well. What differentiates GAD from WAD and WID is its emphasis upon the inclusion of men. The nature of subordination and raising consciousness about the importance of women's role cannot be tackled without men. Collectively organizing around a common goal can produce greater results, allowing for *power with* men instead of *power over* men.

Rowland (1997) explains that empowerment can be experienced on three levels: personal, relational and collective (p.15). On a personal level, these organizations have helped women to develop a sense of self-confidence, especially *Pro Mujer's* empowerment training, but on a relational level, women have not been able to negotiate and influence their relations with men and decisions made within these relationships. More importantly, women have not been encouraged to work with men in order to collectively challenge customary practices that are entrenched in society's collective behaviour nor have they been able to highlight the complex interconnection between these three levels of empowerment.

The introduction of microfinance brought with it additional responsibilities for women, introducing the so-called “second shift.” Microfinance programmes must take into consideration the domino effect that credit will have on women’s reproductive and community lives as they engage in more economic entrepreneurial activities. In Togo, Bolivia and Bangladesh, women are solely responsible for household and childrearing activities and are more involved in the community than men. With their involvement in microenterprises, their economic standard of living has increased but at the expense of increased work and responsibilities. Opportunities should not carry additional burden of responsibilities but lessen the burden. Therefore, men and other family members must share the responsibility of the household activities. Outside the home, the state must provide social services such as child-care in order to lessen the burden of women.

Another burden is the repayment of loans. Because MFIs target women, women are burdened with the responsibility to repay loans. Bee (2011, p.36) states that women often experience abrupt and frightening methods of payment recovery through verbal harassment or possible home invasions by their peers to compensate for payment (p.36). Both BRAC and *Pro Mujer* cited high repayment rates, but they did not account for the hardships that women go through to repay loans. In *Pro Mujer*, FINRURAL’s (2003) study found that women did experience harsh and inflexible repayment schedules. Mayoux (2007, p.44) states women encounter great difficulties in loan repayments from the time the loan is issued and before women have gained any income from economic activity, often forcing them to find alternative sources of income. The stress of repayment is compounded when men neglect their financial responsibilities to the home. With debts

in women's names, women are forced to sell the little physical capital they own to meet debt obligations.

As MFIs become concerned with their own viability, the initial mission to target the poorest of the poor becomes less important. Montgomery *et al.* (1996), Amin (1994) and Pitt *et al.* (2006) all agree that POs and *Gram Shebaks* in Bangladesh have a tendency to select better-off clients than less well-to-do clients in order to boost performance and loan repayments. Healthier and more independent women who were in a position to take advantage of BRAC's services benefited the most instead of poorer women who needed the services. In *Pro Mujer* and FUCEC no evidence was found that it actively pursued better-off clients. But this does not eliminate the possibility of it occurring, especially since all three of these institutions are continuously vying for funds, compelling each institution to show positive outcomes.

One of the drawbacks of operating in the microfinance sector for years is the saturation of markets with microenterprises that offer similar goods and services. This is pertinent to *Pro Mujer* since Bolivia experienced saturation of the market and in Bangladesh Khandker and Chowdhury (1996, p.257) found that BRAC microenterprises needed to promote new technology and introduce new products that would contribute to more dynamic livelihoods. For FUCEC, it is less of a problem since their Credit with Education programme has been in operation for 15 years in a country where a dictatorship stifled economic prosperity for years. As previously discussed in the analytical framework, Bernard (2008, p.9) argues that liberal discourse presents the Self

as an agent that is free to create its own destiny and free from the restrictions from the Other (in this context, men). When poor people engage in competitive business ventures that give low returns and have unpredictable external shocks, their vulnerability increases, which decreases the likelihood that poor women will be in a position to define their own destiny. Even if women engage in economic activities with better remunerated returns, these microenterprises are still not transforming the structure that is maintaining their economic marginalization. The poor remain dependent on the Other.

Microenterprises need to generate sufficient income to increase women's autonomy and control over their income, but most all partake in the struggle to free women from restrictive gender norms.

Then could these outcomes be produced in Belize where MFIs are beginning to take root? I will address this question later in the chapter.

Women in Belize

Belize is a richer country than Bangladesh, Togo and Bolivia. It is a small Caribbean country located in Central America and has a population of 321,000 people of which 158,000 are women. It has a high proportion of people (43 percent) living below the national poverty line (CIA, 2011b) and its gross national income per capita is US \$5,693 (HDR, 2010, p.144).

Amidst poverty is another problem—gender inequality. Ranked 73 out of a 169 countries and with a GII value of .600, Belize's gender inequality situation is relatively better than

Bolivia, Togo and Bangladesh (HDR, 2010, p.157); still those values indicate the need for greater attention and commitment in closing the gap of gender inequality.

Belizean women do experience relatively better educational achievements compared to other low-income countries. Unlike Bolivia, Togo and Bangladesh, Belizean women's educational achievements are equal to—and in some cases greater than—men's educational achievements; 77 percent of women can read and write compared to 76 percent of men (CIA, 2011b). More than a third of women, at least 25 years and older, have at least a secondary education compared to a third of men (HDR, 2010, p.157) and enrollment of primary, secondary and tertiary education is 83 percent among men and 81 percent among women (HDR, 2007/2008, p.327).

Opportunities for women to work have increased compared to previous years explaining the increase of women's participation in the labour force. Women constitute 80 percent of those employed in the jobs in the tertiary sector dominated by finance, personal services, insurance, wholesale and tourism, while men constitute the majority in primary and construction sectors (Gob & CDB, 2009, p.35). Still, women's earnings and labour force participation rates are significantly lower than men's. While 84 percent of men participate in the labour force, only 49 percent of women do; those that do engage in the labour force earn an average US \$4,000, which is US \$6,000 less than men's average earnings (HDR, 2007/2008, p.327; HDR 2010; p.157).

Female-headed households are a very prevalent feature in the Caribbean, especially in Belize, which signals the need for paid work for women. Female-headed households in Belize increased from 27 percent in 2002 to 30 percent in 2009 (GoB & CDB, 2009, p.21).⁴⁷ Given the necessity of earning even a minimal income, Belizean women likely have a lower reservation wage or are more likely than women from dual income households to be forced into marginal subsistence jobs (Seguino, 2003, p. 2; McClaurin, 1996, p.109). As a result, a growing number of Belizean women have to work harder to provide for their household members (Mcclaurin, 1996, p.108).

Despite women's control over their earnings and households, deeply rooted patriarchal attitudes still prevail. Twelve percent of Belizean women believe that their husbands are justified in beating them. Reasons cited were travelling outside the home without his knowledge, neglecting children, arguing with him, refusing sex and the most commonly stated reason was burning the food (SIB, 2006).

Young Belizean girls are taught early on in their lives to accept their domestic responsibilities (McClaurin, 1996, p.63-64). The role of young girls in the house cannot be underestimated. Many women who are in the labour force depend on their female children to assist in feeding, bathing and watching younger siblings. Their support is

⁴⁷ Three forms of consensual relationships exist in Belize: visiting (a man and woman in an intimate relationship, but share a separate residence), common law, and marriage. Common law and visiting are the most common forms of relationships (McClaurin, 1996, p.113).

important, but young girls lose valuable time away from school and other educational activities that could contribute to their personal development.

Beyond the home, discrimination is rampant. Female teachers at the primary level are often discouraged from teaching physical education while male teachers are actively encouraged to teach these sessions. For female students, encouragement to participate in sports and physical education is lower than their male counterparts (NWC, 2002, 63). As a corollary, girls pass through the educational system at a disadvantage in terms of missed opportunities to improve their leadership skills, increase their level of assertiveness and build strong and healthy self-esteem and lifestyles.

Gender disparity in participation in school is not the problem, but gender disparity within courses based on customary roles is a problem. Gender equality among university enrollment is largely attributable to a restructuring that incorporated traditional female programmes, viz., Belize Nursing School and Belize Teachers Training College, into the University of Belize. Within Centers for Employment Training (CETs), male students outnumber female students because centres lack support for services such as childcare, the costs of studying are prohibitively high, and courses are geared towards traditional male roles, such as construction and plumbing. The issue here is not equal participation in courses or in other sectors of society, but equal access to traditional and non-traditional courses (NWC, 2002, p.62).

According to the National Women's commission report, Belizean men continue to dominate positions of power and decision making in government, commerce, trade, economic production and in the domestic sphere. Women on the other hand occupy the vast majority of secretarial, clerical and the professions of teaching and nursing (2002, p.63). In 1954 British colonial rule granted women the right to vote and stand for election; however, it was not until 1984, two years after independence, that a woman became a presiding officer of parliament (HDR, 2009, p.187) and in the February 2008 elections, no woman was elected into the Belizean parliament (IPU, 2011). Despite this glaring gap between men and women, women make up forty percent of legislative, senior positions and 50 percent of professional and technical workers.

Another area of concern is the high reproductive rates among Belizean women. Fertility rates are falling, but remain high compared to the rest of the region and high fertility rates are strongly linked to high morbidity and mortality of mother and child (NWC, 2002, p.34). One of the reasons fertility rates remains high is due to the low use of contraceptives among married women 15 to 49 years old (HDR, 2010, p.157). Although the maternal mortality ratio is better than in most low-income countries, the ratio is high for a small population, with 52 maternal deaths per 1000 live births. Despite efforts made to expand prenatal care to all Belizean women, 6 percent of pregnant women do not have access to prenatal care at least once during their pregnancies and 4 percent of Belizean women are not attended by skilled health personnel (HDR, 2010; p.157).

Reproductive health among the child-bearing population (15-44) in Belize is relatively poor. In fact, reproductive health problems are leading causes of death and morbidity for Belizean women ages 15-44 years old. Cervical cancer, associated with sexually transmitted viral infections and (preventable) is the leading cause of death for women within this age group while the leading cause of hospitalization for women of childbearing age is abortion related factors (NWC, 2002, p.34). Still, females live 6 years longer than males, who live an average of 73 years (HDR, 2007/2008, p.327).

Despite these disparities between men and women, like Bolivia, Togo and Bangladesh, legal provisions are in place to protect Belizean women. Under the criminal code, rape and spousal rape are illegal and persons convicted of rape will face an imprisonment term anywhere from eight years to life imprisonment. However, in reality, sentences are generally lighter. Statutory rape laws are also enforced but convictions are rare. Complainants may be reluctant to proceed with further court action; therefore the prosecution discontinues the cases (U.S. Department of State, para.60-61). As for sexual harassment, the magistrate court deals with such cases, but no criminal penalties exist for sexual harassment (U.S. Department of State, para.64).

The law also prohibits domestic violence, and makes provision for penalties that include imprisonment. The law grants the family court the authority to issue protection orders for victims of domestic violence. Despite legal provisions, domestic violence remains high, especially in the Belize district; in 2009 the Belize Police Department and health

authorities recorded 782 cases of domestic violence cases (U.S. Department of State, para.62).

Unlike Bangladeshi, Togolese and Bolivian women, Belizean women have a relatively easier time legally owning and managing their own land or any other property (U.S. Department of State, 2010, para.64).

Even though Belizean women have a higher level of independence than women in Bangladesh, Togo and Bolivia, they are no better off in terms of gender discrimination. McClaurin (1996) outlines the many problems Belizean women still face: the absence of men living in the home on a regular basis to contribute financially or to help with the raising of children; domestic violence (physical and mental abuse); inadequate job opportunities for women; men dictating women's degree of involvement in society and the home; women's involvement in drugs and gangs, and husbands/partners forbidding women from participating in women's groups (p.21, 22). With microfinance expanding its reach, the question is whether it can possibly meet women's practical and strategic needs within this Caribbean context. Before answering this question, however, I will describe the existing microfinance sector in Belize.

Microfinance and the Belizean Context

The relatively sophisticated formal financial sector found in several Caribbean countries offers a range of financial services to middle and high-income individuals. In contrast, low-income people, especially poor rural women, who in many instances earn their living

from micro and small enterprises, are poorly served by the formal sector. Instead, they are dependent on informal mechanisms, their own savings and government subsidized schemes, that are unpredictable and do not guarantee longer term access to finance for those currently outside the mainstream banking system (BETRAIDE, 2010, p.1).

Two forms of MFIs operate in Belize. Below, as shown in the left column of Table 1, is a list of 20 MFIs in Belize, constituting 14 credit unions and six development finance institutions. In the right column is a list of required documents each institution demands before issuing a loan. Group lending is not a feature of these institutions and it is not a common practice to provide non-credit services. With the absence of complementary non-credit services, empowerment through microfinance is less likely to occur.

Table 1. The types of microfinance institutions in Belize.

Microfinance institutions	Supporting documents and other requirements for loans
Credit Unions	
Holy Redeemer Credit Union (HRCU)	Security in the form of land, shares and assets ⁴⁸
Wesley Credit Union (WCU)	Security must be provided and 2 co-signers for loans less than US \$2,500; for loans more than US \$2,500 the applicant must have collateral, security and 2 co-signers
Saint John's Credit Union (SJCUC)	For loans above US \$3,500, a land document, security, business plan and proof of employment is required; for loans below US \$3,500 only one guarantor is needed in addition to a business plan and proof of

⁴⁸ Land, shares and assets are common forms of security in Belize

	employment.
Saint Francis Xavier Credit Union (SFXCU)	Business plan (description, proposal, market study, and feasibility study), guarantor who is a member, letter of employment and letter of recommendation is required; for loans over US \$5,000 collateral such as land is required.
Citrus Growers & Workers Credit Union (CG & WCU)	Collateral and financial security
Blue Creek Credit Union; Civil Service Credit Union; Evangel Credit Union Ltd.; La Inmaculada Credit Union Ltd; Mount Carmel Credit Union Ltd; Police Credit Union Ltd; St. Martin's Credit Union Ltd; Toledo Teachers Credit Union Ltd; Belize Credit Union League (CGBS, 2010, p.2)	Information not available
Development Finance institutions	
Belize Enterprise for Sustainable Technology (BEST) On average BEST trains 20 applicants per month in areas of marketing, record keeping, business planning	Application; collateral or secured assets, equipment, car, etc; land is not eligible to be offered as collateral; if the applicant is above the age of 60 two guarantors are needed.
Protected Area Conservation Trust (PACT)	Two letters of recommendation, map or sketch of the project location; certificate of registration as NGO; articles of memorandum of Association; if not an NGO produce a document that provides an outline of the structure by which the structure is governed.
Belize Youth Business Trust (BYBT)	A letter of reference; business plan and complete application form is required; If not a Belizean, proof of residence.
Help For Progress (HfP)	Completed application form and business plan (with the help of HfP); security (guarantor or property or asset of some value, if none can be provided a pay sheet or payroll must be provided).
Small Farmers Business Bank	A business plan; form of identification; proof of residency, for example, utility bill

	and security either in the form of assets of value or payroll/income sheets.
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Source: BELTRAIDE, n.a. p.1-20.

A recent microfinance initiative has expanded the coverage of microloans in Belize. In 2005, the European Commission (EC) and the Government of Belize (GoB) signed a Financing Agreement for the implementation of Belize Rural Development Programme (BRDP) with an end contract date for December 2012 (GoB & EU, 2010, p.11). One of its overall objectives is to develop efficient, small and medium microenterprises in communities and villages and hopes to create 1,000 to 1,500 productive rural enterprises. In February 2006, both the EC and GoB contracted the ICON-INSTITUT to provide technical assistance to BRDP, which provided a Project Coordination and Management Unit (PMU) with skilled personnel.⁴⁹ With the help of other local partners over a 4 year period (2006-2010), BRDP has implemented 681 micro grants to poor rural families, involving 2, 411 beneficiaries of which 73 percent were women and youth (GoB & EU, 2010, p.2, 3).⁵⁰ How then can these initiatives empower poor Belizean women? This will be discussed in the following section.

⁴⁹ A project director, an accountant and a planning monitoring and evaluation specialist for 47 months, and a technical director for 30 months, a marketing specialist for 38 months and a social development expert for 22 months.

⁵⁰ Local partners: District, Development Committee (DDC), Belize Enterprise for Sustainable Technology (BEST), Citrus Growers Association (CGA) and Young Women's Christian Association (YWCA)

Microfinance, Belize, Women and Empowerment

The financial viability of microfinance is less likely to occur in Belize than Bangladesh, Bolivia, or Togo. Westley (2005, p.3) enumerates many factors threatening the financial viability of Caribbean MFIs: low repayment rates (due to poor MFI enforcement), high transaction costs, and heavily subsidized loans all contribute to a non-expansive microfinance sector. Caribbean governments perceive microenterprises as “needing and deserving of help,” so many times these institutions are entitled to subsidized credit. Traditionally, low interest rates have made MFIs reluctant to charge higher interest rates (Wenner and Chalmers 2001, p.13-14). Also, population sizes are smaller (preventing them from benefiting from economies of scale), unemployment and under-employment rates are lower, educational and income levels are higher, and social safety nets are relatively better than other low-income countries, presenting fewer possibilities for MFIs. These features are prevalent in Belize and present some challenges for the possibility of empowering low-income women through them.

Achieving practical needs is a precondition to achieving women’s strategic needs. The WID and WAD approaches emphasize the productive role of women in meeting their practical needs. This cannot be discounted. Microfinance practitioners cannot bring the ideas of equity, justice and equality to poor women who are struggling to eat, find shelter or provide for their family. But what can be discounted is the failure of WID and WAD to provide practical needs at an optimal level so women are in a position to surmount their poverty and challenge the cause of their disempowerment. This idea transcends into the Belizean context as well. With fewer possibilities for viable MFIs in Belize and a

microfinance industry whose aim is poverty alleviation, financial sustainability and enterprise development (Lashley, 2004, cited in Hossain, Knight Arun, 2009, p.58), the practical needs of poor Belizean women' will not be met at an optimal level that will enable these women to overcome their poverty. This mirrors similar outcomes of their counterparts in BRAC, *Pro Mujer* and FUCEC where practical needs were met at the most basic level, but restrictive gender norms remained unaddressed and unchallenged. Even if microfinance becomes financially viable in Belize, increasing poor Belizean women's employment and income-generating options may increase women's access to productive resources and may even reduce the high fertility rate in Belize, but the anti-poverty ideology that will drive microfinance in Belize will be primarily concerned with meeting women's practical needs: shelter, medical care, clothing, etc. It will simply equip these women with skills to survive within an unjust status quo.

The anti-poverty approach believes that the poor need help and the informal sector possesses the assumed independent capacity to generate employment and integrate poor women into development (Moser, 1989, p.1813). However, MFIs cannot use microenterprises as compensation for poor Belizean women's limited access to a market economy nor can it offer these women the security they need in times of unexpected illnesses and expenses. In Bolivia, Bangladesh and Togo, dual-headed households are a common feature, which implies some level of spousal economic contribution (albeit minimal). In Belize, where female-headed households are a common feature, they need, even more than dual-headed households, secure and viable economic activities.

Microfinance enterprises operate in the unregulated informal sector that lacks the social

safety nets and better economic activities that single Belizean women need to maintain sustainable livelihoods. These women are already over burdened with providing for their households. They do not need an added burden of operating a microenterprise in an insecure informal sector. Poor Belizean women cannot challenge their subordination if they are disconnected from the formal sector. Kabeer (1996, p.38-39, 44) contends the goal of MFIs should connect women to the existing formal financial services and include access to mainstream financial services. The poor are best served when they have access to mainstream credit institutions rather than through the development of separate credit mechanisms. The intention is not to draw women into a credit mechanism that locks them into a perpetual contract of small loans but to empower them to gain access to bigger loans and better financial and non-financial services in the formal financial sector. Emphasizing the informal sector overlooks the causes of poor Belizean women's economic marginalization and relies on their triple roles to ensure existing services within the home and community.

Of course pushing poor Belizean women into the formal sector will not automatically lead to their empowerment or reduce their domestic burden either, but it will address their practical needs far better by than if they remain in the informal sector, for example, increasing their access to pensions, social security and unemployment benefits and other state benefits. Microfinance in Belize would first need to meet women's concrete needs relating to education, health and basic services, in order to meet poor Belizean women's strategic needs. The goal of MFIs should be to reduce the extent to which Belizean women rely on the labour of their children, especially female children, to carry the

burden of household responsibilities. After they have met their practical needs at optimal levels, MFIs will need to move beyond meeting poor Belizean women's survival needs and move towards eliminating the structural and institutional discriminatory practices that hinder their development. Again this move towards eliminating discriminatory practices will need to be shared with all key actors in society.

It is also important to view the intricate interconnectedness between strategic and practical needs. One of the limitations in Moser's (1989) practical and strategic needs is her strict dichotomization of the two. She fails to recognize the interconnectedness between these needs. High incidents of domestic violence, among Belizean women are indicative of unmet strategic needs and will have implications for meeting their practical needs in the public sphere. If poor Belizean women experience domestic violence within their home, it will be difficult for them to be productive citizens and contribute to their family's welfare. It is imperative that welfare programmes have a built-in consciousness raising component that brings attention to this and other issues relating to disparities in wealth distribution, power imbalances between men and women, and the nature of women's subordination.

Furthermore, a key criticism of the anti-poverty approach measures is that small-scale projects may further reduce government aid to low-income people (Moser, 1989, p.1812) and increase their reliance on external funding. The Ministry of Human Development and Social Transformation in Belize is currently responsible for developing programmes that will improve the overall conditions and status of Belizean women. A number of official

women's organizations have also created beneficial mutual alliances with the women's department and government ministries to promote social awareness programmes (U.S. Department of State, para. 56). With the introduction of microfinance and the desire to expand its coverage across the country, the Belizean state may find it easier to relinquish their social responsibilities for caring and providing for its citizens. Consequently, the burden to survive will rest upon poor Belizean women and men, instead of it becoming a social matter that involves the state and community. In Belize, many poor women already have long work days, microfinance initiatives driven by an anti-poverty approach will be unconcerned with providing social services, even as the state withdraws from its responsibility. Social services such as child care can be essential to alleviate women's domestic burdens, allowing them to adequately meet their practical needs to earn an income sufficient for themselves and families. Also, the proliferation of income-generating activities in Bangladesh, Bolivia and Togo tend to be small-scale and heavily funded by international agencies. Oxaal (1997, p.11) warns that external funding may force institutions to become more accountable to their external donors instead of to their membership. Belizean microfinance projects receiving external funds run the risk of becoming more sensitive to their investors' and donors' needs than to the needs of poor Belizean women.

Hossain *et al* (2009) state preconceived notions exist that Caribbean women are already empowered placing less emphasis on them due to their higher status and participation in politics and economic life compared to other women in different parts of the developing world (p. 57). As such, Caribbean MFIs' services do not proactively target women, even

though institutions may claim otherwise in their mission statements (Lashley's, 2004, cited Hossain 2009, p.91). In Belize, with the exception of Help for Progress (HfP), which has a gender policy in place and generally targets the rural poor regardless of their sex (HfP, 2007, p.2), Belizean MFIs do not actively target women either.⁵¹ I am not arguing that women should be solely targeted but to clarify the reason why Belizean MFIs do not focus on empowerment. Despite similar preconceived notions that Belizean women are empowered and adequate legal provisions are in place to protect their rights, many discriminatory gender norms still exist barring them from effectively and equally participating in society. With the notion that Belizean women are already empowered, microfinance will fail to question and challenge the existing social structures that pushed poor women into poverty in the first place. Unfortunately, microfinance in Belize will create the illusion (like it did in Bangladesh, Bolivia and Togo) that viable and secure alternatives exist for poor Belizean women. It will carry a short-term agenda that will insufficiently raise poor women's income, bringing temporary relief to their economic situation. Microfinance's limited capacity and primary objective to meet women's practical needs is unable to challenge the deep rooted ideas that Belizean girls' absence from sports is acceptable, that they belong in the home, and that aggression towards them is tolerable. The development of microfinance in Belize has no future vision for enacting structural change. Fundamental, long-term change in gender relations is needed for poor Belizean women to become empowered not microfinance. Empowerment includes more than forcing individual change in behaviour; it includes a radical change in the

⁵¹ Numerous non-credit women organizations in the country do target women and have empowerment in their mission statement

institutions, relations and structures that reproduce and perpetuate women's subordination and oppression.

In summary, microfinance is insufficient to empower poor women in Belize, Bangladesh, Bolivia and Togo. Microfinance in itself is unable to empower poor women because it simply addresses the practical needs of these women at a minimal level and fails to meet their strategic needs. Practical needs are a precondition to achieve strategic needs and are intricately interconnected. More importantly, microfinance does not transform the power relations between men and women that is the source of their poverty. Empowerment of poor women involves the transformation of gender relations, institutions and structures that sanction inequality between men and women. Rather than illuminating the power dynamics that keep women in a subordinate position, microfinance has obscured them.

Summary

FUCEC, BRAC and *Pro Mujer's* credit programmes have helped to increase women's income and nutritional intake and have all offered health and educational services that are an important contribution given the low levels of antenatal coverage, contraceptive use, literacy rates and skills attainment in areas where they operate. Each organization has assisted women to eke out a survival in the informal economy, but none of them have encouraged women to rethink the way relations in society are constructed, let alone actively challenge those relations. Consequently, women are responding to microfinance programmes out of distress to meet family needs and not because new opportunities have presented themselves.

With no gender and development training to target and transform power relations and prejudices between men and women, discriminatory practices have constrained women of these organizations from exercising their bargaining power within the public sphere. As discussed in Chapter Two, feminists advocate the replacement of *power over* with *power to*, *power with* and *power within*. These microfinance organizations have been unable to successfully do this because microfinance is simply a means to achieve equity and equality between men and women (and an insufficient one at that) and not an end. BRAC, *Pro Mujer* and FUCEC must also look to the role of the local, national and international community as a means to contest discriminatory practices. Microfinance institutions cannot be the only ones expected to empower women; it requires the help of everyone.

Also, BRAC, *Pro Mujer* and FUCEC need to understand the complexity of development, the need for the inclusion of men and enhancing women and men's lives at all levels, so empowerment can be experienced at the personal, relational and collective level.

Microfinance cannot empower poor women in Belize any more than it can the poor women in Bangladesh, Bolivia and Togo. Due to smaller population sizes, lower unemployment and under-employment rates, higher educational and income levels, heavily subsidized loans, low repayment rates, high transaction costs and relatively better social safety nets than other low-income countries, the opportunities for successful MFIs in Belize decrease.

The microfinance initiatives prevalent in Belize embody an anti-poverty approach that does not upset the power imbalance between women and men. On the contrary, its objective is a short-and long-term vision that perceives practical needs as the only needs that are relevant to poor Belizean women. Poor single women need viable and secure economic activities that connect them to the formal sector, so their basic needs are met at a level that will allow them to rise above their poverty and actively pursue their strategic needs. Creating productive activities, in the informal or formal sector, while neglecting women's gendered reproductive role, will only increase their burden as they try to provide sustenance to the household. The WID anti-poverty approach also neglects the crucial role of the state and the community in the empowerment process of women. Using this lens to implement microfinance initiatives in Belize will simply treat the symptoms of poverty and not the causes of poverty, which is linked to women's subordination to men. Therefore, it is important that the consciousness raising component of microfinance programmes are followed by action that will challenge women's subordinate position in society. Empowerment goes beyond personal change it includes a transformative vision for society and gender relations.

Chapter 7- Conclusion

A true revolution of values will soon cause us to question the fairness and justice of many of our past and present policies. [...] True compassion is more than flinging a coin to a beggar; It comes to see that an edifice which produces beggars needs restructuring.

Dr. Martin Luther King, Jr.

Dr. Martin Luther King correctly perceived that the causes of society's problems are structural and monetary interventions are a superficial redress for deep-rooted problems. Simply giving poor women money or pushing them into undeveloped and insecure and poorly remunerated microenterprises in the informal sector, will only glaze over the problems.

As MFIs rapidly expand their outreach to many parts of the world; many practitioners are adopting a vision of empowerment for the poor, especially poor women. With several studies claiming that microfinance has empowered women, the international development community has embraced the practice as an effective intervention. With an economic agenda at the forefront, many of these institutions have failed to understand the structural causes of deprivation caused by inequalities in education, health and income that plague society.

This study has led to two decisive conclusions: one, MFIs generally meet the practical needs of low-income women in Third World countries; however, they do not address or meet the strategic needs of low-income women; and two, microfinance cannot empower Belizean, Bangladeshi, Bolivian or Togolese women because it fails to challenge the

power relations between women and men that prevent women from accessing and utilizing productive resources in the first place.

The three feminist theories explored in this study (WID, WAD and GAD) have lent support and clarity in understanding women's role in society and have highlighted the economic systems that have structured women and men's available options within society. The WID approach has made visible the concerns of women's needs in the development process, but from the beginning, it fell short for not recognizing the capitalist nature of development, the root causes of gender inequality and the false myth that women were absent from the development process. Its theoretical framework is incompatible with women's diverse realities and holds the notion that women's economic participation will address equity concerns. Meanwhile, the WAD approach perceives women as important economic actors in their societies and views women's work inside and outside the household as crucial to the maintenance of their social structure. It has also made visible the issues of class and capital as the leading culprits of women's oppression; but women's oppression goes beyond capital. It does not question the social constructions of gender roles and the responsibilities and expectations tied to these roles. Like WID, WAD places great emphasis on the productive role without questioning women's reproductive role.

Unlike its predecessors, the GAD theoretical lens has been the most useful in understanding the gender dynamics within the established economic system. The GAD approach focuses on gender relations, shedding light on the causes of women's

subordination and discrimination while contextualizing women's realities. Its aim is to transform the existing power relations that assign different gender roles to different sexes, leaving women in an inferior position. It recognizes women's contribution whether inside or outside the household, including non-commodity production. Its theoretical foundations acknowledge that development is complex and involves the betterment of individuals and society at an economic and non-economic level. It also views women as active agents with limited knowledge of the cause of their subordination and perceives economic wellbeing as a precondition – not a synonym – for equity. Thus, women must organize themselves in an effort to increase their political power within society. Feminist understanding of what is the core of women's subordination is still class, race and culture. Despite differences among women, some feminists still argue that women should and can unite around the multiple issues that arise from their gendered subordination in an effort to find ways to transform their present situation (Young, 1997, p. 368).

Using the theoretical lens of GAD, this study has demonstrated that MFIs such as BRAC, *Pro Mujer* and FUCEC have been unable to empower poor women due to the following reasons:

1. Comprehensive gender specific programmes have been absent in practice from all three MFIs. Admittedly, women clients of BRAC, *Pro Mujer* and FUCEC have all experienced increased incomes and assets, higher savings, better nutritional intake and overall higher standards of living. Consequently, women have been able to increase their *power to* make decisions in the home and over their children

and have increased their knowledge of legal rights, business development, health issues and have developed a sense of confidence, building on the *power within*. However, it has been achieved at a superficial level, with men's decisions and authority still taking precedence. These MFIs have been unable to identify and address the power imbalance between men and women that have led to unjust social norms.

2. Each MFI has been unable to create the conditions for women to surmount their poverty. WID advocates would argue that women's productive role can allow productive resources to be harnessed. Simultaneously, women will meet their basic needs and enhance the efficiency and productivity of the economy, but empowerment is not simply meeting daily survival needs or increasing an individual's consumption, but promotes the value of any work done by women. BRAC, *Pro Mujer* and FUCEC focus on the concrete conditions of women which are important but have not created a mental space or physical space for women to contest the structures that have placed them in an inferior position in society. GAD proponents argue that empowerment transcends practical needs and recognizes the intricate connections between personal, relational and collective empowerment.
3. In all three institutions, group formation has been primarily concerned with economic issues. The groups allocate a lot of time in the disbursement and collections of loans while social, political and cultural issues are of secondary

importance. Consequently, they have failed to organize women around national issues that have an impact on their local daily lives.

4. Because women are known to be more compliant and have better repayment records, BRAC, *Pro Mujer* and FUCEC have relied on the established gender division of labour, allowing poor women to exercise their bargaining power solely within the private sphere. BRAC trains women in home-based economic activities and women clients of *Pro Mujer* and FUCEC are more likely to have enterprises that complemente their domestic responsibilities. Relying on women's reproductive, productive and community role, these MFIs have been profitable in their economic ventures without considering the full impact they have had on women. Increased incomes have brought increased responsibilities and the burden of repaying loans. More importantly, it has not challenged the given gender roles of women and men.
5. As microfinance initiatives expand, more and more women have been pushed into economic activities that are unproductive and unprofitable. With saturated markets in Bolivia and Bangladesh, microenterprises have scattered the country. With several microenterprises offering similar products and services, profit margins have shrunk and repayment of loans have become an issue. Neither of these institutions has considered the difficulty poor women may undergo to meet loan repayment obligations nor the withdrawal of spousal financial support from the home due to women's access to income. Thus, the insecurity and vulnerability

of women's livelihoods have been exacerbated. This vulnerability increases when microfinance institutions such as FUCEC do not offer opportunities for women to increase their literacy skills and lack the necessary follow up training to ensure successful microenterprises or successful health outcomes.

6. BRAC, *Pro Mujer* and FUCEC have failed to recognize the limitations of microfinance. Microfinance cannot be expected to lead the empowerment of women or men. Its limited outreach and capacity can only do so much in addressing an immense task such as the empowerment of women. Collective efforts within a long-term agenda are required to dismantle long-established customary practices that perceive women as less than men.
7. Many times performance measures have skewed the extent to which microfinance initiatives empower the poorest women. With varied classes of the poor, concerns have been raised about who exactly is able to access credit and noncredit services. Within BRAC, existing research has demonstrated that often better-off and better educated women clients are able to take advantage of microfinance programmes. Hence, these women are in a better position to generate sustainable economic returns and retain assets. With the exclusion of less-well-to-do women clients, MFIs will continue to move farther away from helping the poorest of the poor.
8. By focusing exclusively on women, MFIs have deflected attention away from men's role in perpetuating women's subordination.

After delving through the existing research on BRAC, *Pro Mujer* and FUCEC and examining the gender norms in each country where these institutions are located, I have concluded that microfinance cannot empower Belizean women either.

Financial viability concerns have co-opted empowerment concerns in Belize. Factors that affect the viability and expansion of MFIs in Belize are smaller population sizes (reducing the opportunity for economies of scale and generating higher transactions costs), a poor culture of repayment of loans which is linked to a government's need to subsidize microfinance institutions and lower underemployment and unemployment rates compared to other low-income countries. Additionally, Belizean women on average have higher material living standards and higher levels of education compared to Bangladesh, Bolivia and Togo.

With the aforementioned problems hindering the financial viability of microfinance in Belize, Belizean MFIs face other challenges for empowering poor women. In the case of female-headed households, economic security cannot be fully realized in the unregulated informal sector. Increasing poor women's access to and control over productive resources in the formal sector can allow them to better challenge their subordination.

Besides, the development of microfinance in Belize has no future vision for enacting structural change. Its link to the anti-poverty approach, which perceives economic inequality between men and women to be linked to poverty, will not transform gender relations. Harnessing women's productivity via microfinance projects will not resolve

women's disempowerment, but simply glaze over the real issue of women's disempowerment. It will also exclude the state's role from the empowerment process of women, limiting the country's development potential. The anti-poverty approach has a short-term and long-term vision of meeting women's practical needs that obscures the unjust gender norms.

Ultimately, microfinance programmes have failed to demonstrate any meaningful impacts of empowerment for Bangladeshi, Togolese, Bolivian or Belizean women. Microfinance within four different cultural contexts was incapable of addressing the issues of power redistribution, institutional discrimination barring women from legally accessing and using property and credit, as well as various forms of violence and domination and the gendered division of labour that increased women's burden in the household.

Finally, women's needs are interconnected: practical needs are tied to strategic needs and strategic needs are tied to practical needs. Women's concrete needs are undeniable, but achieving social justice, equity and equality necessitates meeting women's practical needs first. Empowerment is acknowledging this intricate interconnection and its link for women to achieve outcomes that they value.

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