Micro-finance:

A Study on the Empowerment of Women

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List of Abbreviations

CGAP - Consultative Group to Assist the Poor

FO - Field Officer

GAD - Gender and Development

GDP - Gross Domestic Product

IPDS - International Projects and Development Services

KWFT - Kenya Women's Finance Trust

MDG - Millennium Development Goal

MFI - Micro-finance Institutions

NGO - Non-governmental Organisation

SHG - Self-Help Group

TCDT - Thika Community Development Trust

UN - United Nations

USAID - US Agency for International Development

VA - Village Agent

WEP - Women's Empowerment Programme

WID - Women in Development

WORTH - A Woman's Empowerment Programme

Abstract

The empowerment of women has become a focal point within many development theories and for many practitioners in the last couple of decades. Empowering women is seen as an effective solution to worldwide problems regarding female discrimination, and it is mentioned both by top officials and development workers on the ground as the way forward. Alongside this promotion of empowerment, has been the advocacy for micro-finance provision to poverty stricken people, as a way to help them help themselves out of poverty. But even more so, micro-finance has often been argued to be one of the most effective tools to further the empowerment of women. Today, the enterprise of micro-finance reaches across the globe, involving millions of - mainly female - clients, often with the implicit promise of empowerment connected to its services.

Critical voices have begun to be heard concerning the supposed outcomes of empowerment of micro-finance however, many stating that micro-finance as it is today does not result in the empowerment of women. This thesis will investigate micro-finance provision and empowerment, applying secondary studies and original fieldwork carried out in Kenya in the summer of 2013, in an attempt to add to the current debate. The thesis also considers, the implication involved in measuring success out from criteria such as empowerment as many development projects do.

Concluding, the thesis supports the need for further, more in-depth research to be carried out on the topic, while suggesting that the empowerment possibilities of micro-finance depend on the approaches used towards providing it. Furthermore, the thesis poses serious question marks as to the efficiency of too rigidly applying development criteria, such as for instance, empowerment to measure the success of a project.

Chapter 1: Introduction

This chapter introduces the reader to the thesis by presenting its important features. A general introduction to the field is first provided, in order to give the reader a background for the study. Secondly, the problem formulation is presented along with a justification of the topic and questions, this section expands on the important objects of the study, showing what is examined and how it is done. The third section introduces the important terms used throughout the paper, and finally, the fourth section highlights the structure of the paper to allow the reader an overview of what is to follow.

1.1 General Introduction

> *"In the 19th century, the paramount moral challenge was slavery. In the 20th century, it was totalitarianism. In this century, it is the brutality inflicted on so many women and girls around the globe"* (Kristof & WuDunn 2009).

This quote is the opening sentence in a *New York Times* article from 2009, focusing on the "injustices that women in poor countries suffer," arguing that women are of "paramount importance" in today's world, while also presenting an "opportunity" in an "economic and geopolitical sense." The topic which the authors Kristof and WuDunn have chosen to focus on certainly is an apt one. When it comes to developing countries and development initiatives in today's world, women and girls are very much the focal point. Numerous international institutions, NGOs and other development initiators have appointed their focus on women and girls as agents of change in today's society. It is seen as "good economic sense" to focus on girls, not only highlighting human rights, but also women's ability to contribute to "sustainable economic growth and poverty reduction" within the developing world; in this way, women and girls are seen as the "solution" rather than the "problem." In short, "progress for women" is regarded as "progress for all" (United Nations 2011; Kristoff & WuDunn 2009).

To a large extent the discourse and the often mentioned 'solution' concerning women and development is 'empowerment.' In most articles, books, and speeches made on the topic of women in development, as well as in the objectives of most NGOs and development organisations, the term continually appears as the answer to the problems faced by women, and in turn also the solution to development in more broader terms (Pal et. al 2012: xi). The endeavors for the empowerment of women, is according to Aradhana

Parmar, used so much that they are now “an expected component of any credible development project or strategy” (Parmar 2003: 459). Measures needing to be taken to induce this empowerment, Pal. et. al. writes, includes “measures to increase social, economic and political equity and provide broader access to fundamental rights” (Pal et. al. 2012: xi).

In the last couple of decades, micro-finance - the provision of small loans to people with little or no collateral - has been promoted as an efficient strategy of achieving female empowerment alongside its poverty alleviating focus (Mayoux 1998: 1; Parmar 2003: 462). Indeed, most micro-finance providers specifically target women, in part with the “explicit goal of empowering them” (Swain & Wallentin 2009: 542). The Global Poverty Project suggests micro-finance as a solution to the problems faced by women. They state that by supplying women with opportunities for income-generating activities, micro-finance programmes have helped enhance “women’s access, control and ownership of resources increases their participation in decision-making at the household and community levels and strengthens their social and political leadership opportunities” (The Global Poverty Project 2013). The World Bank also promotes micro-finance as a development and empowerment tool, calling it a “powerful catalyst for women’s empowerment,” while simultaneously enabling poor families to improve their living conditions, “health and education of their children” (World Bank 2013c).

Likewise, in the 2009 World Survey on the Role of Women in Development by the UN highlights that for empowerment to be achieved “women’s equal access to and control over economic and financial resources is critical.” However, the survey also states that there is not yet a “consensus on the extent to which access to micro-finance empowers women,” despite MFIs often promoting this connection (United Nations 2009: ix). This thesis will examine the claims connecting micro-finance activities and the empowerment of women, attempting to shed further light on the topic. How this will be done will be further described in the following sections.

This thesis is written according to the requirements of the Master’s programme Development and International Relations, Global Refugee Studies. By focusing on micro-finance, it mainly concentrates on international development. And even though it does not directly involve issues relating to migration, it can still be seen to correspond to the programme, as the provision of micro-finance and empowerment can be viewed as a way of hindering any possible migration of women, due to building up their income and livelihood in their own areas of living, not making it necessary to move in search of better opportunities. This aspect will not be addressed again throughout the thesis, as the main aim is to examine the empowerment effect of micro-finance.

1.2 Problem Formulation

As seen above, the provision of micro-financial services have been hailed as having empowering effects on women, however, recently this claim has been the subject of much criticism, questioning the supposed outcomes of empowerment. In his book *Why Doesn't Microfinance Work?* Milford Bateman, is very adamant in his argument that micro-finance neither works as a poverty reduction tool nor as a social development tool. Indeed, he writes that "those developing countries awash with micro-finance...are increasingly being left behind by other developing countries," and that it is harming to "human dignity and self-respect" (Bateman 2010: 1-2). Similarly, writers such as Jude L. Fernando and Malcolm Harper, have voiced comparable concerns, based on their own experiences.[1] Critical voices are also heard from the media. In December 2010, BBC News wrote of what they called a "suicide epidemic" in India, where eighty people reportedly committed suicide in the state of Andhra Pradesh, as a result of not being able to repay their micro-finance loans (BBC News 2010).

Though in-depth studies on the topic are scarce, there have been more produced in recent decades. These studies however, often show contradictory evidence on the subject of empowerment and micro-finance provision, with some providing support for the connection and others against.[2] What is common for most studies is that very few operate under the same definition of empowerment, though they may use some common factors as indicators of empowerment. The lack of a common definition is an indication of a broadly defined and widely used term, sometimes making it hard to make comparisons of results, as they do not necessarily view empowerment in similar ways.

This thesis adds to the existing research and literature on the topic of micro-finance and empowerment, by looking at best practice, and most commonly used, models of micro-finance, while also examining more alternative ways of providing financial services and its impact on empowerment. The former will be done mainly by examining secondary

[1] See Harper (2011) and Fernando (2006) in bibliography for sources.

[2] See for example Goetz & Gupta (1996); Swain & Wallentin (2009); Mayoux (1998 and 2000); Rankin (2002); Kabeer (2005).

findings on the topic, while the latter is done by applying and analysing original fieldwork. Additionally, while earlier studies have been somewhat ambiguous in their definition of empowerment, this thesis will give a clear definition of the term, in its attempt to examine it, using the work of Naila Kabeer, Jo Rowlands, and Amartya Sen.

The problem formulation for the thesis is as follows:

To what extent does micro-finance induce female empowerment?

While the above question was initially the only area of research, a further question arose while doing fieldwork, relating to the question of empowerment itself. The question arose from visiting and interviewing women involved in other projects than micro-finance, where some of the aims also included female empowerment. From here, I started questioning the way we determine 'success' within the development field, including when examining micro-finance, leading me to question the following:

What implications does viewing a development project through criteria such as empowerment have on our understanding of the 'success' of a project?

The first an initial question will be dealt with in the analysis in chapter 6 and will receive the greatest attention, while the second question will be the subject of a short discussion in chapter 7. The latter received less attention as this was not the original purpose of the study but rather something that arose out of conversation while in the field, which would add an interesting perspective to the topic, which could then be used for further study later. Because the second question deals with the subject of empowerment, one of the focal points of this thesis, it is still relevant to examine. This will also further add to the research field on micro-finance and empowerment, as rarely is it questioned if it is even necessary to view micro-finance activities in the light of empowerment.

1.3 Clarification of Terms

The main terms needing clarification for this paper are related to that of micro-finance. Micro-finance is a rather large 'enterprise', with a lot of different elements to it, and this sub-section will therefore elaborate on the aspects relating to it, and how the term micro-finance will be applied throughout this paper. The two most often heard terms referring to the provision of small loans to clients, are *micro-finance* and *micro-credit*. These two terms are used interchangeably in practice, though as Milford Bateman states, the more accurate term actually is *micro-credit*. Despite this, and perhaps rather confusingly, the term *micro-finance* is used more often today (Bateman 2011b: 1).

Technically, *micro-finance* is an umbrella term which refers to all the aspects pertaining the term, such as "loans, savings, insurance, transfer services and other financial products targeted at low-income clients." *Micro-credit* was the original term applied to the undertaking, and is still defined as "a small amount of money loaned to a client by a bank or other institution," which is often offered "without collateral, to an individual or through group lending" (United Nations 2005b). However, in literature *micro-finance* is often specifically used when referring to the characteristics of *micro-credit* and not its other features, such as savings or insurance.

Instead, when referring to the other aspects of *micro-finance*, such as savings or insurance, it is made clear by using the terms *micro-savings* and *micro-insurance.* The former of these, generally refers to "deposit services that allow one to store small amounts of money for future use," while the latter can be seen as "a system by which people, businesses and other organizations make a payment to share risk" in order to allow "entrepreneurs to concentrate more on developing their businesses while mitigating other risks affecting property, health or the ability to work (United Nations 2005b). Often, *micro-credit, micro-savings* and *micro-insurance* services are offered jointly by many micro-finance institutions (MFIs). Despite the definitions given to the terms given above, there are still slight differences depending on the type of organisation offering financial services. The fieldwork carried out for this thesis concerned *micro-savings*, and in chapter 5 it will be made clear what type of *micro-savings* methods is used for the empirical evidence.

1.4 Structure of the Paper

This paper consists of eight chapters, the first of which makes up the introductory chapter. In this first chapter, the general area of interest is introduced in a general introduction, narrowing the research aims down in the problem formulation. Furthermore, it clarifies the main terms used and gives the structure of the thesis.

The second chapter elaborates on the methodology used throughout the paper, presenting the choices taken with regard to the research strategy, research design, and method of data collection. Additionally, the thesis' limitations are elaborated here.

While the theoretical and conceptual framework is briefly mentioned in chapter two, the third chapter will expand on these, going more in depth.

The fourth chapter presents the contextual information used throughout the paper. This is provided to give the reader a solid background on the topic, introducing and offering information on the topics related to the area of research, in order to better understand the analysis and discussion of the research questions. Furthermore, the qualitative data given in this chapter will also be used in reference to the following chapters in the analysis and discussion, and are therefore helpful to be acquainted with.

The fifth chapter concerns itself with the actual field research undertaken for this dissertation, elaborating on the specific methodological choices taken in the field. This information is first presented in the fifth chapter as it relates more to the analysis and discussion following it, which will, to a large extent, consist of data from the field.

In the sixth chapter, the paper turns to the analysis of the problem formulation, examining the evidence collected in the field together with the contextual information, in part by using the theories and concept presented in chapter three.

The seventh chapter provides a short discussion on the second research question expressed in the problem formulation, also, to a large extent, using data collected in the field.

The final, and eighth, chapter of this paper concludes on the findings and discussions presented throughout it, providing final reflections on the research questions.

Chapter 2: Methodology

This chapter provides a description of the methodological considerations made throughout this paper. It looks at the research strategy, the research design, the method of data collection, and the limitations of the paper. It also presents the theories used throughout the paper.

2.1 Research Strategy

Britha Mikkelsen argues that the "academic 'position'" of a particular study is important to present and expand on, to benefit the focus of the study, shape the questions that will be posed, and for the analytical results (Mikkelsen 2005: 135). The academic position of this paper is that of social-constructivism. This position contends that all "social phenomena and their meaning are continually being 'created' and accomplished by social actors;" phenomena and categories, could for instance refer to "organization and culture" says Bryman. These categories, from the constructivist view, are therefore not "pre-given" but are instead continually produced and revised through "social interaction" (Mikkelsen 2005: 136-137; Bryman 2012: 33). Concerning categories, Bryman also argues that according to constructivism, the categories applied by people "in helping them to understand the natural and social world" are also "social products," emphasising that categories do not have "built-in essences" but are all subject to change (Bryman 2012: 34).

In this way then, the approach of constructivism not only suggests that the social world is in a continual state of construction, but that even researchers' "own accounts of the social world are constructions." The researchers version of social reality will therefore never be a definite, but rather a "specific version of social reality," influenced by the researcher's own values and beliefs (Bryman 2012: 33). This aspect of the approach necessarily also has implication for this project, as the researcher will already have a constructed opinion on the topic which will be subject to colour the findings, data collection, and analysis. However, a realisation of this aspect of constructivism, helps limit any already constructed ideas of the subject in order to keep an open mind about findings and research. To further limit the bias, the paper will attempt to present both sides of the arguments concerning the impact of micro-finance on empowerment.

Mikkelsen writes that "research is about knowledge production, seeking answers to questions through inquiry" (Mikkelsen 2005: 139). Additionally, she points out that there is no one correct, or indeed better, way of doing research, quoting Michael Patton (2002) saying that "there is no rule of thumb that tells a researcher precisely how to focus a study" and that the many choices one can make "are not choices between good and bad, but choices among alternatives, all of which have merit" (Patton 2002: 224, in Mikkelsen 2005: 139). This research has been carried out relying mainly on qualitative methods, using tools such as interviews and observation during the collection of the empirical data, which will be expanded on in the following chapter. But also using secondary research carried out by others in a qualitative fashion.

According to Bryman, this method connects well with the constructivist framework, arguing that qualitative methods show preference "for an emphasis on the ways in which individuals interpret their social world..." (Bryman 2012: 36). Mikkelsen agrees with this, highlighting that qualitative methods "construct social reality [and] cultural meaning" while focusing on "interactive processes." Furthermore, using qualitative methods, often implies that the researcher is actively involved in the investigation (Mikkelsen 2005:142; Key 1997). By using a qualitative stance, the researcher is able to delve into the world of the researched, hearing or observing what people do or say, in order to give a description of their world in a concrete way; rather than using abstract descriptions gained from quantitative methods (Nielsen et. al. 2008: 7). Applying a qualitative method in one's research includes "focusing on the cultural, everyday, and situated aspects of human thinking, learning, knowing, acting and ways of understanding" (Nielsen et. al 2008: 7). For this research, where we want to discover the effect of micro-finance on women, the qualitative method will allow us to hear both what they say and feel about their involvement in the various programs, but also see how they actually participate by observing them in their surroundings.

Additionally, in contrast to quantitative methods, which often "condense data in order to see the big picture," qualitative methods can be seen as "data enhancers;" stating that data has to be inflated in order to examine the key aspects comprehensively. Moreover, qualitative research methods "dominates in development studies" (Mikkelsen 2005:141). While, this paper applies qualitative methods in an attempt to gain a more comprehensive understanding of the topics, collected both through primary (interviews) and secondary evidence, quantitative aspects may be included as well. Bryman asserts that though it is useful to separate the two methods, one should be careful not to "hammer a wedge" between them. It is possible to mainly focus on one of the methods, while applying characteristics of the other (Bryman 2012: 36-37).

2.1.1 Introduction of Theories and Concepts

This paper applies both theories and concepts in its examination of micro-finance and its impact on women. A theory of empowerment is used, along with the capability approach and the concept of participation. In their essence all of these theories are interrelated, applying similar concepts - albeit in different ways and for different purposes. All of the theories can be seen as theories of newer development approaches focusing on grass-root development, and a short description of the evolution of development theories in recent years leading to this new focus will also be given; this section, however, will only introduce the three main theories and concepts used in the thesis, as these are the most essential for the analysis and discussion.

When examining micro-finance it is important to take a closer look at the theories behind the term empowerment. As seen in chapter 1, one of the supposed effects of involving women in micro-finance activities is that it will empower them. It is therefore necessary to scrutinize what is meant by the term empowerment before applying it to the analysis and examination of whether micro-finance does indeed generate it. Empowerment, in this paper, will be seen largely through the work of Jo Rowlands and Naila Kabeer. While there are many different ways that one can view empowerment, this thesis will limit it to the ideas postulated by Kabeer and Rowlands in order to better analyse it, and to avoid over-expanding the focus.

Secondly, the capabilities approach is applied. The capabilities approach is closely related to theories of empowerment, focusing on aspects also important when considering the latter. However, the capabilities approach presents its aspects differently than the empowerment theories used, and gives rise to applying contrasting forms of discussion in connection with the examination of the effects of micro-finance, thereby allowing further investigation into the effects of micro-finance on women. The capabilities approach will be viewed mainly through Amartya Sen and Martha C. Nussbaum’s ideas.

The third and final concept applied is that of participation. In relation to the practice of micro-finance participation also plays an important role, as the very process of micro-finance activities is supposed to include people actively participating in the development scheme. Similar to the other theories used, this paper cannot look at all aspects of participatory development, therefore presenting a general view of it in the theory section.

2.2 Research Design

The research design is that of the case study design. According to Bryman, “the basic case study entails the detailed and intensive analysis of a...case” (Bryman 2012: 66). Case studies are particularly interested in and used to investigate and observe “complexity” and the real “nature” of the case in question; in this case, the effects of micro-finance on women, using field work from Kenya of micro-savings groups as an example (Bryman 2012: 66). The use of the case study design, and the term ‘case’ itself, academically is often connected with “a location” and an “intensive examination of the setting,” which is what this study aims to do, using primary but also secondary sources to examine the practice of micro-finance (Bryman 2012: 67).

In the social sciences the case study method has often been under criticism. Bent Flyvbjerg, for example, found that his teachers and colleagues did not see this research methodology as optimal. Commonly, the criticism given against case studies is that it is not possible to “generalize from a single case” and that “social science is about generalizing” (Flyvbjerg 2006: 219; Bryman 2012: 71). Additionally, the case study design has been accused of being too subjective “giving too much scope for the researcher’s own interpretations,” questioning the validity of case studies (Flyvbjerg 2006: 219). In terms of the former accusation, Flyvbjerg argues that just because there is no “formal generalization” in case studies, it does not mean that knowledge cannot be gained from the experience; saying that the “force of example” is underrated in the social sciences, but nevertheless useful. For instance, as a means of falsifying already existing observations on the topic (Flyvbjerg 2006: 227-228).

Concerning the latter accusation, of subjectivity, case-studies’ scientific value has sometimes been doubted, as it is argued the researcher’s own pre-conceived ideas of the topic often are confirmed (Flyvbjerg 2006: 234). In connection to this, the case studies methods are not seen to be as rigorous as quantitative methods. However, Flyvbjerg argues that the case-study “has its own rigor, different to be sure, but no less strict than the rigor of quantitative methods.” Flyvbjerg shows the how case-studies advantage is that one is allowed to closely observe “real-life situations and test views directly in relation to phenomena as they unfold in practice” (Flyvbjerg 2006: 233-235). Additionally, Flyvbjerg contends that the issue of subjectivism is present in all methods, both within the qualitative and quantitative stance. Finally, he contends that if any bias exists in the case study, it is towards falsification, and not verification of the researcher's own views (Flyvbjerg 2006: 237).

For Shields, it is the very nature of case-studies that redeems them, writing that case-studies:

> "*...Do not attempt to eliminate what cannot be discounted. They do not attempt to simplify what cannot be simplified...it is precisely because case study includes paradoxes and acknowledges that there are no simple answers, that it can and should qualify as the gold standard.*"[3]

2.3 Method of Data Collection

This paper consists of both secondary and primary material. The primary material was collected during a research trip to Kenya and will be elaborated on in chapter 5. The secondary data is applied both as background to the topic, but is also used in the analysis. It was necessary to use secondary research in the background in order to give a better picture of what has been examined throughout the paper and the different aspects involved in the topic, furthermore, also to see what other researchers have said and found on the issue. Similarly, it was deemed important to apply secondary research in the analysis in order to give a fuller picture as the field research could only cover a limited aspect of the issue. There have been many studies on micro-finance, and many things have been written on the topic, the results and views of which are helpful to present. The field research will serve as a contrast, or support, to already existing findings in order to add new findings to the field.

2.4 Limitations

Limitations will always be present when carrying out research, and this paper is no exception. Micro-finance is a big topic and it is impossible to cover all aspects of it. This study focuses on the different approaches within the micro-finance field, and its effect on empowerment, using both primary and secondary sources. The primary evidence all come from one case-study, as due to time and space and bad luck while in the field, further case-studies were not available to use. Furthermore, other aspects of the effects of micro-

[3] http://cgi.stanford.edu/~dept-ctl/tomprof/posting.php?ID=1013

finance, such as its influence on poverty alleviation, is not the focal point, once more due to time and space constraints.

Another limitation connects to the areas of research in the majority of secondary research, most of which are carried out in a South Asian setting. Using these for a comparison with results found from an African setting may therefore pose complications due to culture differences, for instance. However, it is hard to avoid using these sources, even if they are from another continent, as most impact studies so far have been done there. The implications for this study have been tried to be minimised by focusing on another country where women are also subject to a patriarchal system.

During the field researchers translators were used when interviewing or observing the women involved in the study. Though English is one of the official languages of Kenya, not all women feel confident speaking it, so though they understand most of what they are asked, they replied in Kiswahili. This is especially common in the rural setting where much of the research was carried out. Using a translator might mean some things were lost in translation, however, most of the time it seemed like having a translator was actually a benefit as the women were more confident speaking in Kiswahili than in English, and therefore spoke more freely.

A further limitation relates to the people interviewed. Initially, it was the objective to interview both staff and participants of the programmes. However, once in the field, this proved almost impossible. Whenever visiting the programme sites the staff never had time to sit down and talk because they themselves were working, which meant that it was difficult to find the time. Since it is mainly the women's opinion of empowerment that is under scrutiny in this paper, it was more important to get their point of view. Similarly, a control group could have been used, interviewing women who have not participated in micro-finance to determine the effect micro-finance has had on the participant. This proved to be difficult to set up, and after several failed attempts, both before leaving for Kenya and during the research trip, the use of a control group was given up.

Finally, in order to get a better understanding of the lives of the women involved in the project the paper could have interviewed their husbands to get their opinion on the matter, and whether they detected a change in the women's behaviour or attitude. This would have been too time consuming however, especially as many of the women interviewed did not necessarily live close to the gathering place or in the same community.

Additionally, it would not have been possible for their husbands to come along as they have jobs to take care of as well, often in other towns than the one they live in.

Chapter 3: Conceptual and Theoretical Framework

This chapter presents the main theories and concepts used in the thesis, before applying them to the analysis. Both conceptual and theoretical framework are applied in an effort to examine micro-finance and its effect on women. The first sections will focus on the rise of alternative development theories, showing the difference in focus between these and more mainstream theories. Next, the theory of empowerment is presented, using mainly the work of Naila Kabeer and Jo Rowlands. Following, the concepts of the human development approach, and participation are set forth; the former using the work of Amartya Sen. All of the theories and concepts used can be said to be a part of alternative development.

3.1 The Rise of Alternative Development

In the 1980s, development theory underwent a change (Schurrman 1993:1). Publications in development studies increasingly started to outline "the contours of what became known as the 'the impasse in development theory.'" David Booth (1993: 49) agrees with this assessment, pointing out that many of the advances which had been lined out by development theorists prior the 1980s were not being fulfilled. Many were becoming aware and voicing concerns that the hitherto central focus on economic growth in development, which failed to reflect on "what is specifically human about human societies: action and interaction, history, culture and the 'social construction of reality'" (Schuurman 1993: 1; Booth 1993: 50).

According to Schuurman, some of the failures related to the idea of self-sustained growth and the "trickle-down" process, pointing to a large number of developing countries left in debt after it. Indeed, between 1983-1987, UNICEF estimated "a fall of 10-15 per cent in the income of the poor in the Third World." Furthermore, since the 1960s, the gap between the rich and poor in the world had not been reduced, but rather grown (Schuurman 1993: 9-10). Indeed, the whole notion of "developmentalism" was under questioning. It was regarded "as a Western imposition which forces non-Western countries into a particular set of economic priorities which may be inappropriate to their needs" (Rowlands 1997: 4).

From the 1990s and onwards, the focus shifted to "empirical and local-level analysis," emphasising "practical issues" (Rowlands 1997: 4). This focus fits alternative development approaches better as they are more "oriented toward the satisfaction of basic human needs and desires." In these approaches, one had to "build development around people rather than people around development" as Brohman quotes Mahbab ul Haq saying (Brohman 1996: 203). The focus is on "bottom-up" development rather than "top-down," especially putting focus on "self-help" (Brohman 1996: 204-208). These new ideas where taken up by big organisations such as the UN, seen in the introduction of the "Human Development Index" created by the UNDP. The ideas were also, taken up by NGOs, which were increasingly viewed as "development agents, in activity at the grassroots, and in processes of democratisation" (Rowlands 1997: 3) Two of the more significant aspects of the alternative development approach, Brohman points out as being participation and empowerment, arguing that it is one of "the most important [...] emphases of alternative development" (Brohman 1996: 4; Rowlands 1997: 4).

3.2 Empowerment

Empowerment, as a theory and concept, has especially become popular when talking about women and development, often arguing that one of the central goals of any development activity focusing on women is to help empower them. However, being as that may, empowerment is still an incredibly complex concept, with many different definitions and opinions as to what it is and its purpose. How one views empowerment may change according to "cultures, persons, sexes, occupations and position in life" (Majoor & Manders 2009: 21). Furthermore, the definition of empowerment is not necessarily the same between men and women, while in some languages, there is not even a translation available for the word (Majoor & Manders 2009: 21). Majoor and Manders, additionally highlight that when it comes to women's empowerment, as opposed to generally, the concept becomes even trickier, as it "may specifically refer to economic uplift, but also to increased well-being and transformation of power relations" depending on the viewpoints and status quo of people. However, there seems to be a generally acknowledged view that empowerment involves "subjects like equal rights, decision-making and self-esteem" (Majoor & Manders 2009: 21-22).

Likewise, Naila Kabeer also points out the lack of a clear definition of empowerment, citing an NGO activist saying:

> *"I like the term empowerment because no one has defined it clearly yet; so it gives us a breathing space to work out in action terms before we have to pin ourselves down to what it means*" (Kabeer 1999: 436).

It is precisely because of the complexity and the "contested nature of the concept" that Naila Kabeer, however, argues that it is important to define how the term empowerment will be used throughout one's work, "since it will be from this standpoint that various measurement attempts will be evaluated" (Kabeer 1999: 436). This will be done in the sub-sections below.

3.1.1 Power and choice

For Jo Rowlands the term empowerment implies power or the lack thereof. According to Rowlands, some of the confusion that arises concerning the concept of empowerment, results from a confusion concerning empowerment's "root-concept;" power. This means, power is "understood and experienced in differing ways by different people" (Rowlands 1995: 101). Rowlands divides power into three different categories, namely "power over," "power to," and "power within." The first, 'power over', Rowlands writes is the conventional way of defining power. Here power is connected with obedience and domination with one having control or influence over another (Rowlands 1995: 101). Being influenced by this type of power can have various effects. For instance, Rowlands points out that it has been argued that people who are "systematically denied power and influence" may begin to "internalise the messages they receive," believing them to be true; this process is referred to as "internal oppression." Once control becomes internalised, there is no longer a need for the blatant use of 'power over' (Rowlands 1995: 101-102).

The second category 'power to,' Rowland sees as being what the term empowerment refers to. Here, people who have previously been left outside of the decision-making process are included, enabling them to make decisions themselves, and "maximise the opportunities available to them." Additionally, 'power to' is attained by "increasing one's ability to resist and challenge 'power over'" (Rowlands 1995: 102). The last category 'power from within' is connected with the previous. As seen above 'power over' not only implied overt oppression but also "internalised oppression," not only affecting the ability of the oppressed to participate in decision-making, but also affecting their perception of their ability to participate. Therefore, empowerment, must not just concern gaining access to decision-making, but "it must also include the processes that lead people to perceive themselves as able and entitled to occupy that decision-making space," this is what Rowland refers to as 'power from within' (Rowlands 1995: 102).

A second aspect connected with empowerment is the notion of choice and the ability to make them. Therefore, if someone is denied the ability to make choices, that person could be considered to be disempowered (Kabeer 1999: 436). Furthermore, empowerment implies that a "process of change" has occurred, that is, going from being disempowered to having more choice and becoming empowered; for example, people with the ability to utilize a lot of choice can be classified as powerful, but not empowered, as they were not disempowered to begin with (Kabeer 1999: 437).

The notion of choice, however, has to be qualified if it is to be relevant when analysing power. First, "*choice necessarily implies the possibility of alternatives,*" meaning having the ability to choose otherwise. This refers to people being able to actively choose one option over another, instead of being made to choose something due to the lack of opportunity for anything else. This idea also connects with what Rowlands talked about concerning "internalised oppression," in that people may not realise the availability of a different choice to the one they are taking because of an internalization of their second-class status.

Furthermore, there are different types of choices, not all of them are applicable when defining power, and some have greater importance than others "in terms of their consequences for people's lives" (Kabeer 1999: 437). Choices can be ranked according to first and second-order choices, where the former refers to "strategic life choices." The opportunity to make strategic life choices, are vital to enable people to lead the lives that they want to. Examples of such choices could be choosing the method of one's livelihood, choosing whom to marry or whether to marry at all, and so forth (Kabeer 1999: 437). In return, these strategic life choices help decide on what second-order choices are available; these choices are less consequential, and though they may be important regarding the quality of one's life, they do not "constitute its defining parameters" (Kabeer 1999: 437). Therefore, the process of change involved in empowerment refers to a greater ability for people to make "strategic life choices in a context where this ability was previously denied to them" (Kabeer 1999: 437).

3.1.2 Resources, Agency and Achievements

Kabeer uses three “interrelated dimensions” in connection with the ability to employ choice: resources, agency and achievements (Kabeer 1999:437) The first dimension, resources, can both be seen in a traditional economic sense (having enough finances to make strategic-life choices), or in terms of human and social resources “which serve to enhance the ability to exercise choice.” Essentially, it refers to the circumstances under which choices are made (Kabeer 1999: 437). Kabeer furthermore states that the access one has to these resources, often “reflects the norms which govern distribution and exchange in different institutional areas;” meaning that in a patriarchal society, for instance, resources would predominantly reside with men rather than women (Kabeer 1999: 437-438).

Kabeers second dimension concerns agency, which she defines as “the ability to define one’s goals and act upon them.” This connects with Rowlands notions of ‘power to’ and ‘power within.’ In relation to ‘power to’ agency refers to the capacity of people to define their “life-choices and to pursue their own goals, even in the face of opposition from others.” Agency, however, can also have more negative meanings, in terms of ‘power over,’ meaning that the capacity of a person can be used to “override the agency of others,” for example through the use of violence (Kabeer 1999: 438). Regarding the ‘power within,’ Kabeer states that agency is more than “observable action,” as it also involves the “meaning, motivation, and purpose which individuals bring to their activity, their *sense* of agency.” Together, resources and agency make up what Amartya Sen calls capabilities (Kabeer 1999: 438).

The third dimension, achievement, is a little more complex than the previous two, and needs further elaboration to understand the effect of choice. The issue here is that one must make a distinction between choices that are preference-based and those that are based on a withholding of choice, for example, due to inequality (Kabeer 1999: 438-439). In this way, power relations can be seen not only through the employment of agency and choice, but also “through the *kinds* of choices people make” (Kabeer 1999: 441). Here again, internalisation comes into play. For example, concerning gender inequality, some cases of evidence suggests the widespread tendency of oppression and discrimination, indicating an “absence of choice on the part of women.” Yet, sometimes the connection between power and choice become blurred, especially in terms of gender inequality, as it seems that women themselves have chosen this. This is where internalization comes into play, as it could be suggested that women have taken their second-class status to be the norm and not questionable. Examples of behaviour which could be regarded as such, includes a willingness to bear children despite it deterring their own health, or perhaps accepting the "secondary claims on household resources" (Kabeer 1999: 440).

Therefore, when examining agency and achievements, it is important to not only ask what opportunities for choice were available, but also to question whether there was an "availability at the discursive level, of being able to at least imagine the possibility of having chosen differently." This is important as it implies a process of moving from acceptance of the social norms to viewing it from a critical perspective. It is not enough to question whether choices were "materially possible," one must also question whether they "were *conceived* to be within the realms of possibility." In this way, power not only functions through limitations on the ability to make choices, but also through people's preferences and principles (Kabeer 1999: 442).

3.2 Capabilities Approach (Human Development)

This section will clarify how the Capabilities Approach, or Human Development Approach as the concept is also known as, will be used in this thesis. This approach is closely linked to the theory and concept of empowerment, which was described in the previous section, for instance in its focus on the "freedom of choice and action," which according to Majoor and Manders, most writers agree on as a central part of the definition of empowerment, thereby making this approach relevant to the topic (Majoor & Manders 2009: 23). Indeed, according to Majoor and Manders, empowerment cannot be reached without capabilities, as these are "the basis [for] other forms of...equality" (Majoor & Manders 2009: 27). Due to the size of the material on this approach, the approach has been summarized, so as to include the essential elements necessary for this thesis, as the scope could not allow for a more extensive view of the theory. The approach will be set forth below.

3.2.1 Putting People First: Freedom, Capability and Functionings

The Capability Approach provides a new way of defining "successful" development. Instead of solely focusing on increasing the GDP of a nation, this approach's objective "is to expand what people are able to do and be - what might become their real freedoms." This approach "puts people first (Alkire & Deneulin 2009: 23). Indeed, Amartya Sen, one of the approach's pioneers, views development as a process which should enhance people's freedoms, or their choices (Sen 1999: 3). In this approach, the purpose of, for instance, increasing or strengthening a country's economy, is to enable "people to enjoy...long and healthy [lives], a good education, a meaningful job, physical safety, democratic debate and so on" (Alkire & Deneulin 2009: 23).

In this way, growth in GDP can be used as a *means* to further people's choices, however, if seen purely as an *end* in itself, the improvement of the quality of citizen's lives is not given. In contrast to leaders of nations, who may be striving for economic growth, citizens are often striving for something different; namely a life "worthy of their human dignity." Emphasising people's enhanced choice as the "overarching objective" focuses on the achievement of this dignity (Nussbaum 2011: 1; Sen 1999: 3). In order to achieve this form of development, sources of "unfreedom" have to be removed, for instance, poverty and "poor economic opportunities" are some of the stumbling blocks for achieving freedom through development (Sen 1999: 3).

The Capabilities Approach sees freedom as being connected with the opportunities that people actually have, "given their personal and social circumstances." 'Unfreedom' can therefore come from not having access to opportunities that help people accomplish what they wish to (Sen 1999: 17). Furthermore, Nussbaum argues that the approach also is "concerned with entrenched social injustice and inequality," especially when it comes to "capability failures that are the result of discrimination or marginalization" (Nussbaum 2011: 19). The approach regards it as central to development to ask "what are people actually able to do and to be? What real opportunities are available to them?" Here then, the focus on choice (or freedom) is seen and also a focus on the capabilities of people (Nussbaum 2011: 19).

There are two parts to "formulations of capability," these are "*functionings* and opportunity *freedom.*" Alkire and Deneulin writes that "functionings, which are being and doing activities that people value and have reason to value" (Alkire & Deneulin 2009: 32). Examples of functionings are wide, as implied by its description being about activities that people value. It can therefore refer both to being literate and well-nourished, as well as to "playing a virtuoso drum solo." In this way, functionings concerns many dimensions of human life - "including survival, health, work, education, relationships, empowerment, self-expression and culture" (Alkire & Deneulin 2009: 32). In turn, capabilities are connected with functionings, as these are "the freedom to enjoy valuable functionings," in this way combining "functionings with a kind of opportunity freedom." To explain the relationship between these two, Alkire and Deneulin (2009:32) give a good example, as seen below:

> *"Just like a person with a pocket full of coins can buy many different combinations of things, a person with many capabilities can select between many different functionings and pursue a variety of different life paths...Capabilities are thus described as the real and actual possibilities open to a given person."*

3.2.2 Agency, Voice and Empowerment

Aside from the concepts of functionings and capability, there is a third core concept in the Capabilities Approach, namely that off agency. This concept refers "to a person's ability to pursue and realize goals that she values and has reason to value" (Alkire & Deneulin 2009: 37). When Amartya Sen talks about the term "agent," he refers to "someone who acts and brings about change" (Sen 1999: 18-19). For Sen, development activities "people have to be seen...as being actively involved - given the opportunity - in shaping their own destiny, and not just as passive recipients of the fruits of cunning development programs" (Sen 1999: 53; Alkire & Deneulin 2009: 27). Here then, people themselves choose the type of development they would like, meaning that "development relies on people's freedom to make decisions and advance key objectives" (Alkire & Deneulin 2009: 27-28). Agency and freedom are intertwined, for people to be agents they also need freedom to, for instance be educated or have freedom of speech and association. However, it also works the other way around. People also need freedom in order to "build the environment in which they can be educated and speak freely" (Alkire & Deneulin 2009: 28).

In his book *Development as Freedom*, Sen especially focuses on the subject of women's agency, arguing that the capabilities approach takes a step away from looking only at the well-being of women, to also examining and working for an inclusion of "the active role of women's *agency.*" By focusing on women's active agency, they are no longer seen as passive recipients, but rather as "active agents of change." Similarly, focusing on the agency role of women means that women are recognised as "responsible persons," who can for example " act or refuse to act, and can choose to act one way rather than another" (Sen 1999: 189-190).

3.3 Participation

In the world of development, the concept of participation has in recent years grown in value "across a range of applies disciplines..." according to Robyn Eversole (2010). Andrea Cornwall (2008) agrees with this statement, writing that the term has experienced a "widespread use," being applied not only by NGOs but also by local governments, and international organisations such as the World Bank. Robert Chambers, refers to this new focus as "a paradigm shift," due to its widespread use within development work (Chambers 1994: 1). Chambers argues that participation received renewed focus in connection with "changes in development rhetoric, thinking and practice," where attention was shifted from top-down development to a bottom-up emphasis. The bottom-up emphasis "implies a transfer of power from 'uppers' - people, institutions and disciplines which have been dominant - to 'lowers' - people, institutions and disciplines which have been subordinate" (Chambers 1994: 1)

3.2.1 Participation as an empowering process

In his paper "Paradigm Shifts and the Practice of Participatory Research and Development," Robert Chambers views participation in terms of empowerment and changes of relationships between "uppers" and "lowers," where it is necessary to see a reversal of power relations, before it can be said that participation has been achieved. Meaning that roles must be switched and power must pass from the "uppers" to the "lowers;" in other words, power is given "to those who are local and poor" (Chambers 1994: 1-4). For participation to empower, the roles of the "dominant uppers have...to change;" they have to change from being the planners and supervisors and become facilitators, giving people support for what they need. In short, they have to become a part of the process, not the leaders of it. Instead of being instructors they "become facilitators of learning," and in this way, be a part of the learning process themselves (Chambers 1994: 7).

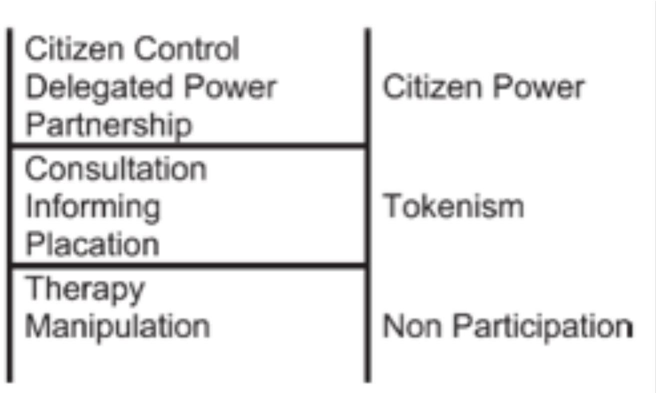
The previous dominant uppers, still have a role to play though, as can also be seen from above, as they have to help the previous lowers become effective participators. For instance, Chambers points out that uppers have to "seek out the poorer and weaker and bring them together" in order to equip them to "conduct their own appraisal and analysis, and take their own action" (Chambers 1994: 7). In this way participation includes "people and communities into the formal processes and institutions of development (Eversole 2010: 31). The development process therefore becomes a process were "'we' participate in 'their' project, not 'they' in ours,'" if this power reversal is carried out (Chambers 1994: 2). This practice of participation can be seen to be enabling to the local people, who, it has been found, often perform activities better than outsiders do, if just motivated and given confidence that "they can do it" by the outsiders. Activities, could for instance include, analysis and planning, and even training activities for staff working at NGOs (Chambers 1994: 10).

3.2.2 Typologies of participation

Cornwall points out that the term 'participation' not only is used by a variety of people and institutions, the way it is being used is also varied. Participation, according to Cornwall, is an "infinitely malleable concept" that "can be used to evoke - and to signify - almost anything that involves people." However, not all of them indicates 'good' ways of participation, seen for instance in models of participation made by Arnstein (1969) and White (1996) (Cornwall 2008: 269).

One of the best known models of participation is one developed by Arnstein in 1969, which according to Cornwall, "still retains contemporary relevance" (Cornwall 2008: 270). Arnstein's model serves to remind us that participation deals with, and is essentially about, power and control, arguing that participatory processes involves a reversal of control of control, going from the authorities to the "people or citizens." This model places "citizens on the receiving ends of projects or programmes" (Cornwall 2008: 270-271). The ladder is organised according to citizen power, tokenism, and non-participation, with citizen power, placing various elements within each of these steps. The model can be seen in Figure 1 below:

Figure 1. Arnstein's ladder of participation



Source: Cornwall 2008: 270

This model is not neutral, not all kinds of participation on the ladder are considered equally good. Instead, it is gives a “hierarchical view” of participation, which advocates “full participation” with citizen control and partnership, as the ultimate achievement (United Nations ESCAP 2009: 7). Cornwall states, that the middle step on the ladder, ‘tokenism,’ is worth paying attention to, stating that the activities involved with it, are often used by organizations “claiming to promote participation.” For instance, the World Bank, sees the provision of information and consultation as types of participation, and connects the provision of information with empowerment (Cornwall 2008: 270). However, Cornwall argues, consultation is often used, both in the north and south, “as a means of legitimating already-taken decisions, providing a thin veneer of participation to lend the process moral authority” (Cornwall 2008: 270).

Chapter 4: Contextual Information

This chapter presents the contextual information on the focal topics relating to this thesis. This is given to provide a comprehensive overview of the area, giving a better understanding of the field. There are two sections within this chapter. The first, covers the overall topic of micro-finance, concerning its origins and evolution. The second section focuses on women and poverty, highlighting the discourse within women and development and the different aspects of poverty.

4.1 Micro-finance

This section presents the topic of micro-finance, elaborating on its beginnings and its evolution. It is important to present the different aspects of and issues surrounding micro-finance, because it will give the reader a better understanding of the topic, but also because the information given in this section will be useful when analysing the research questions for this paper.

4.1.1 The Beginning of Micro-finance (Microcredit)

Though the concept of providing savings and credit to poorer members of society can be traced centuries back historically speaking, the ‘creation’ of micro-finance, or micro-credit, is largely credited Dr. Muhammad Yunus whose Grameen Bank model has, become the “international development community’s poverty reduction policy and programme of choice” (Fernando 2006: 8; Bateman 2010: 1). Similarly, Morgan Brigg argues that Yunus’ Grameen Bank has had a “lead role...in influencing other micro-credit programmes,” and Katharine Rankin asserts that the group lending model pioneered by the Grameen Bank has become the dominant model of micro-finance (Brigg 2006: 75; Rankin 2006: 99). For these reasons, this section introduces the story of Grameen Bank.

Modern-day micro-finance was developed during the Bangladeshi famine of 1974-1975 by Muhammad Yunus, in an attempt to help the poor (Yunus 2007: 44-46). Visiting the village of Jobra, Yunus became aware of villagers indebtedness to the “local moneylender,” in order to earn a living. However, the conditions involved with lending from the money-lender were lacking, and once a loan was made, it was virtually impossible to “work [one’s] way out of poverty” (Yunus 2007: 45-46). This experience worked as a catalyst for Yunus to provide better banking conditions for the poor. However, Yunus found that the banks he approached were not willing to lend to the poor, as they had no collateral to offer and were therefore too risky (Yunus, 2007: 46-47).

As a result, Yunus decided to design a “separate bank for the poor.” In 1983, after years of appeals to the government to “convert [the] project in to a special bank under a separate law,” Yunus succeeded his quest to supply credit to the poor with the creation of the Grameen Bank (Yunus 2007: 47-48). Since then, the Grameen Bank has grown exponentially; in 2007 it gave loans to more than seven million people - of which ninety-seven per cent were women - throughout 78,000 villages in Bangladesh, and with a reported repayment rate of more than ninety-eight per cent (Yunus 2007: 51).

Ananya Roy writes that Yunus’ design of micro-finance is built around the idea that “credit is a human right and that it can improve the lives of the poorest,” viewing micro-finance not only as a development tool but also as a way of “remaking capitalism” using ethical economics (Roy 2010: 23-24). Furthermore, Roy argues that by focusing on self-reliance as a method of alleviating poverty, Yunus’ methods are both “poor-centric and anti-welfare” (Roy 2010: 24). Yunus wants the focus to be on the poor, but does not want to create a dependency for hand-outs.

To be able to life oneself out of poverty, Yunus argues one has to apply one’s own capabilities, but also needs to be given an opportunity to do so. According to Yunus, financial institutions - all over the world - has created what he refers to as apartheid by refusing to lend poor people money based on the assumption that not everyone can be an entrepreneur. Contrary to that belief, Yunus is convinced that “entrepreneurial ability is practically universal,” if provided the right opportunities and conditions. If this is allowed to happen poverty will also die out, he argues (Yunus 2007: 54). Micro-finance presents such an opportunity according to Yunus.

The Grameen model centers on groups and is “community-oriented.” The bank’s members form groups of five, and in order to take out a loan a member needs the approval of the rest of the group. The group is meant to give assistance, support, and encouragement, acting as guarantors for the loans taken - though each member is essentially responsible themselves. These small groups have weekly meetings with up to ten to twelve other groups, also providing a social network for the members (Yunus 2007: 57-58). For his work Yunus has received wide praise and admiration, receiving numerous awards. The most notable came in 2006, when Yunus and the Grameen Bank were awarded the Nobel Prize "for their efforts to create economic and social development from below" (Al-Mahmood 2012).

4.1.2 The Evolution of Micro-finance

Today, micro-finance is a global undertaking with thousands of providers and millions of clients. As of December 2007, the Microcredit Summit Campaign showed that globally micro-finance institutions (MFIs) had 154,825,825 clients, and at the end of 2005 more than 3000 MFIs "were reported to be operating worldwide," with millions of dollars in circulation (Banaerjee et. al. 2009: 1; Balkenhol 2007: 3). It has also extended its services, no longer just offering credit, but also savings and insurance, now employing the more "generic" term micro-finance (Bateman 2010: 11-12). According to Bateman, micro-finance has "entered the public imagination like probably no other international development policy before or since," highlighting its immense outreach and popularity (Bateman 2011: 1). The agenda of micro-finance providers has also evolved and the enterprise has largely become a profitable business for its providers. Milford Bateman refers to micro-finance today as "new wave" micro-finance, highlighting the evolution of the original concept (Bateman 2010: 15). Below, aspects of this "new wave" concept will be presented.

In the 1980s, micro-finance's focus shifted from "charity" to "sustainability," starting the institutionalisation of its services. While Malcolm Harper says "the pioneers of micro-finance...were and are motivated by a desire to help the poor, not to make money," the latter of these motivations seems to have gained attention (Harper 2003: 3). The provision of micro-finance, Harper states, has increasingly been seen as "an intervention that could not only alleviate poverty, but that could and should also pay for itself, be 'sustainable' and even make profits" (Harper 2003: 3). In this way micro-finance became more business centered, often provided by MFIs, and often in cooperation with established banks (Harper 2003: 3).

Micro-finance became increasingly commercialised, and many MFIs promoted "private ownership," became "profit-driven" and employed "market-based interest rates." All of these, were believed to promote "financial self-sustainability" and help increase the provision of micro-finance services to the poor by largely making it "cost-free" (Bateman 2011b: 1).

By the 1990s, the “new wave” model of “was firmly established in practice,” seen especially through the first transformation of a “not-for-profit NGO into a fully state-regulated for-profit institution” offering micro-finance, with the creation of the commercial bank BrancoSol in Bolivia in 1992 (Bateman 2010: 15). BrancoSol became the “most profitable bank in Bolivia,” suggesting that micro-finance could work efficiently as a profit-driven business. Increasingly, more NGOs transformed into commercial banks, and their early success, Bateman states, “was crucially important in giving real impetus to the ‘new wave’ micro-finance concept” (Bateman 2010: 15-16).

Efforts to promote the ‘new wave’ model, increased with the World Bank’s entry into the field (Bateman 2010: 16). With its creation of the Consultative Group to Assist the Poor (CGAP), decreed to “‘coordinate’ international policy towards microfinance,” the ‘new wave’ model became best practice within the field. Today, Bateman argues this model is *“the* definition,” and not “one of a number of possibilities (Bateman 2010: 17-20). Since the new millennium, micro-finance has attracted a lot of commercial funding, as it was seen as both “an attractive location for profitable investment” and also a “positive PR spin-off” for institutions wishing to help the poor (Bateman 2010: 17-21).

The ‘best practice’ methods also expanded micro-finance’s focus, adding emphasis to especially empowerment. 2005 was declared the International Year of Microcredit by the UN, partly under the proclamation that microcredit can help reach the MDGs. In one of their publications, they write that “low-income countries need microfinance to achieve the MDGs” (United Nations 2005c: 3). According to this publication, micro-finance can help transform individual lives and entire communities, through creating “wealth for low-income people” and being a tool for social change (United Nations 2005c: 3-4; Fernando 2006: 2).

Today, the empowerment of women is often one of the main goals of micro-finance provision. Indeed, micro-finance’s empowerment prospects is one of the reasons for its acclaim in recent years, Harper argues, writing that its “strong gender bias is widely publicized as one of [its] main strengths.” Empowerment in this way is seen through an economic lens, arguing that women are empowered “in the most direct way possible...by putting money into their hands” (Harper 2011: 54-55). However, micro-finance advocates also promote empowerment in non-economic terms, as seen above with its focus on the MDGs.

Though, this section has shown that micro-finance today is largely commercialised, with MFIs often working for-profit, there are other approaches to delivering micro-finance as well, though perhaps not as widely used. The difference between these approaches can be explained in terms of a micro-finance spectrum, with commercial micro-finance known as the minimalist approach. At the other end of the spectrum is what is the integrated approach to micro-finance, which focuses on other "development oriented services" along with credit provision (Kabeer 2005: 4709-4710). These approaches will be expanded on in chapter 6.

4.1.3 Current Debates and Critiques of Micro-finance

Jude L. Fernando writes that within "academic and political circles" micro-finance is most often claimed to be very effective, while claims countering this position "are often silenced" (Fernando 2006:4). Despite this, a growing body of criticism of micro-finance can be seen today. This section will look at just a few, expanding on the criticism in chapter 6. All of the criticisms presented here, somehow relate to the claims made that there is no real methodological evidentiary support that micro-finance actually delivers what it sets out to (Fernado 2006: 4; Swain & Wallentin 2009: 542).

Fernando, for example, points out that of the current research made on the impact of micro-finance, the minority "appears to be...interested in dealing with the *impact* of micro-credit on other broader processes of social change" (Fernando 2006: 4). Quantative measures are often used in micro-finance research to indicate change. For instance, success rate is often measured in terms of the programme's number of borrowers, the number of lending institutions, and according to the levels of repayment rates (Fernando 2006: 4). When "qualitative categories" are used, quantitative values are often added to them, dividing the results into various categories with different "numerical value[s]" (Swain & Wallentin 2009: 543)

Quantitative measurements are criticised for not divulging much on the actual "impact on gender relations in their localities, for example. And Swain & Wallentin call it "innapropriate" to construct indicators using numerical values (Fernando 2006: 25; Swain & Wallentin 2009: 543). Repayment rates, whether high or low, tell us little about what women have to undergo to deliver their repayments, whether they are able to repay their loans with ease or whether they are struggling to make repayment deadlines (Fernando 2006: 27). Similarly, "numerical visibility of women in microcredit programs is a highly misleading indicator" of efficiency, writes Fernando, as "numerical strength...does not automatically translate into qualitative changes in their social status." Only a few studies have actually examined whether the indicators used for measurement of change actually "resulted in any changed in the institutions that oppress them" (Fernando 2006: 4, 27).

Another major point of criticism relates to its poverty alleviating effects. Harper states that most authorities on micro-finance concur that its programmes often do not reach the poorest of the poor, despite this being one of its selling points (Harper 2003: 7). Micro-finance providers do not even directly claim to do so anymore, hiding the reality by using phrases such as attempting to reach "the economically active poor," meaning those who already have some means to build further on (Harper 2003: 7). These phrases are, in Harper's opinion, applied partly in an effort to "match the exaggerated expectations that some enthusiasts and publicists" have created (Harper 2003: 7). David Hulme goes as far as stating that outside of Bangladesh, micro-finance "has not even scratched the surface of poverty" (Hulme 2003: 155).

While some may not be reached by MFIs due to geographical difficulties, other more discouraging reasons have been brought forth. For instance, Diop et. al. (2007: 40-41), found that before granting loans, material collateral within the household is often measured by the MFI. Material collateral represents factors such as "household wealth," looking especially at whether there is "at least one income-earning male member" and how many "unmarried daughters" are present in the household (Fernando 2006: 26). Fernando writes that these practices "not only exclude the poorest of the poor" but also "functions as a mechanism of controlling and disciplining the lives of the borrowers" more than "would the conventional banks and informal lending institutions" (Fernando 2006: 26).

Finally, criticism have been voiced concerning micro-finance's empowerment effects. Fernando, argues that rather than serving as a catalyst for empowerment, the institutional processes involved in delivering financial services actually impede empowerment. One of the factors of 'best practice,' or minimalist, micro-finance, is that it is often profit-driven, working with high interest rates. During fieldwork in Bangladesh, Fernando found these interest rates to serve as an obstacle for women. Similarly, he found that repayment rules were often quite rigid and inflexible. What effect this has on women's empowerment will be expanded on in the analysis (Weber 2006: 54; Fernando 2006: 28-29).

4.2 Women and Poverty

This section looks at the different aspects concerning women and poverty. First it looks at the discourse on women used within the development field, secondly the concept of poverty is presented.

4.2.1 Approaches Towards Women in Development

When it comes to women within the development field, there have been a plethora of approaches applied, with varying degrees of success. Though women first became a topic of interest within mainstream development in the 1970s, after a "decade of criticism of the gender-blind conceptualizations and practices of development and advocacy," there had been a specific approach to dealing with women in developing countries (Fernando 2006: 24). During the 1950s and 1960s, the development discourse on women largely centered around their roles are mothers and their responsibilities within the family, in an approach centered on welfare. Here, women were seen as "passive recipients" of aid, and as someone who had to be reached for the sake of her children. This approach has not entirely disappeared, however, as Townsend writes that it is neither dead in theory nor in the literature (Townsend 1993: 170-171; Moser 1999: 2).

With the 1970s however, "considerable shifts in approaches [were made] both by academic researches and policy-makers" (Moser 1999: 2). One of the dominant approaches which originated in this period was the Women in Development (WID) approach, initiated by the ideas and work of Esther Boserup (Rowlands 1997: 5). This approach wished to move away from the disregard of women in roles other than largely traditional ones of housewife and mother, and initially, instead focused on equity. This focus has since changed to efficiency (Rowlands 1997: 5; Townsend 1993: 171; Moser 1999: 3).

According to Moser, the "underlying rationale" of WID "was that women are an untapped resource who can provide and economic contribution to development;" women now had to be included and "visible" in the development process, which differed from their previously marginalised position. The "integration of women into economic development" was moreover seen as the most "efficient approach," widely used by the World Bank and several UN agencies, who often saw women as the solution to most development problems (Moser 1999: 2; Rowlands 1997: 5; Townsend: 172). Targeting women this way, did "not question the existing social structures or the causes of women's subordination, focusing instead on women's role in production" (Rowlands 1997: 5). Adding women into the development equation was seen as having a positive effect on productivity, however Townsend also sees this approach as viewing women as a "cheap option," both in terms of production and welfare. For instance, she points out that it was realised that when income went to women rather than men, there was a greater correlation of heightened family welfare as well; something that the "World Bank is very enthusiastic about" (Townsend 1993: 172).

A further shift in relation to this occurred - mainly in academic research - in the late 1970s and 1980s, looking not only at women but gender in general, known as the Gender and Development (GAD) approach. This approach is "concerned with the dynamics of gender relations," and was influenced by concerns about how the problems of women were viewed in relation to their sex rather than their gender (Rowlands 1997: 5; Moser 1999: 2-3). GAD focuses on how gender relationships are socially constructed, making it important to not only examine women, but also "women in relation to men," looking at the "power relations between men and women" (Moser 1999: 3; Rowlands 1997: 6). Furthermore, Rowlands points out that gender analysis makes it possible to critique "supposedly neutral institutions and reveals the many manifestations of male bias in the development process" (Rowlands 1997: 6).

The final two approaches looked at in this section are relating to anti-poverty and empowerment. In the anti-poverty approach, focus is placed on "meeting women's practical needs" instead of interfering "in the relations between men and women," and therefore fits more under the WID than GAD approach (Townsend 1993: 172). Townsend argues that the anti-poverty schemes were not out to change society, but instead to "make it work as it is," designed to "meet the needs articulated by women themselves." Moser defined this approach as meeting "practical gender needs," pointing out that for women to "gain more control over their own lives, to achieve some autonomy" there was a need for defining and meeting "strategic" rather than "practical" gender needs (Moser in Townsend 1993: 172).

While the majority of approaches seen above could be seen to come from a WID analysis or perspective, the empowerment approach, Rowlands highlights, "can arise from a GAD perspective, perhaps combined with bottom up or 'actor-oriented' strategies" (Rowlands 1997: 7). This approach arose largely "from the writings and grassroot experiences of Third World Women," focusing on women's strategic interests through "cultural, economic and political changes" (Townsend 1993: 173; Rowlands 1999: 7).

4.2.2 Poverty from a Development Perspective

Since the turn of the century, "poverty reduction and its desire to end it has received increased global attention," and has today become an "integral part of development paradigms." (Diop et. al. 2007: 28). In 1990, the World Bank published their *World Development Report*, with poverty as the main issue, showing their "commitment to the goal of poverty reduction." Ten years after this report was published "attacking poverty had become the main goal of the World Bank's development work." (Diop et. al 2007: 28; Jenkins & Micklewright 2007:8). Though the concept of poverty is not new, having been "visible" at different points history, acting as a "rod for social action and change," they way poverty is viewed has changed (Roy 2010: 6).

Today, poverty is no longer seen as something purely financial, or purely in terms of meeting ones basic needs. Instead it has become a issue wit more global attention than ever before, represented for instance through the large focus on reaching the UN's Millennium Development Goals (MDGs). Although the first goal on the MDG agenda is to reduce "by half the proportion of people living on less than one dollar a day in low and middle economies between 1990 and 2015," the following goals set forth shows the multidimensional framing of poverty today. Now, poverty, also encompasses aspects such as "education, gender equality, child mortality, maternal health, HIV/AIDS, and the environment." Poverty is seen as a stumbling block for the achievement for these other aspects, again showing the multifaceted understanding of poverty today. (Diop et. al. 2007: 28; United Nations 2013). Diop et. al. argues that the "poverty reduction strategies" put forth by institutions nowadays also are multidimensional and global, because there are various opinions on "the number and nature of those dimensions" of poverty depending on the culture one is from (Diop et. al 2007: 30).

Furthermore, Diop et. al. points out that doubt has been cast on "the absolute nature of poverty on which most studies are predicated," due to the concept of "relative poverty." For instance, Diop et. al. shows that poverty is experienced differently from one person to another; it is subjective - what one person may consider to be poverty another may not. In this way, poverty is difficult to quantify and compare. Additionally, one's experience of poverty also depends on the current standard of living of society, meaning that "the needs deemed to be essential gradually expand as the society's standard of living rises." Poverty today, therefore, is not static but is subject to change depending on individual people and society as a whole. This complicates the matter of measuring poverty, however, a method often used for this purpose is calculating it using the poverty line, where poverty has been calculated (using several factors) determining a poverty line from which to measure from (Diop et. al. 2007: 30-31).

Finally, another aspect of poverty which is quite common today is the focus placed on women, also known as 'the feminisation of poverty.' Valentine M. Moghadam shows that this feminisation began during the 1980s with studies "on the proliferation of female-headed households and research into the social impacts and gender-specific effects of structural adjustment policies" (Moghodam 2005: 1). Today, Sakiko Fakuda-Parr states that the claim that "'women are poorer than men' has become a truism" (Fakuda-Parr 1999: 99). The global perception has increasingly come to accept that the majority of the world's poor are female, and statements such as one by Herma Majoor and Joke Manders that "poverty has a woman's face," tend to cement this perception, while also serving as indicators of it (Majoor & and Manders 2009: 5). Fakuda-Parr, points out that from a purely financial light, the poverty of women is not much different to that of men, it is when viewing poverty from a multidimensional angle (which as seen earlier poverty today largely is), Fakuda-Parr argues that women can be seen to live in much greater poverty than men, as they are more often marginalised, in that way supporting the idea of the feminisation of poverty (Fakuda-Parr 1999: 99-103).

Chapter 5: Field Research

The following chapter will expand on the methodological consideration from chapter 2 and present the considerations taken into account when carrying out the field research, also presenting the experience of the collection of data. It looks first at the data collection in the field, showing how contact was made with the research areas, the actual methods used, the and the experience of collecting the data to name a few. Secondly, the chapter presents the case-study findings, introducing the case-studies to give a background to the studies used in the analysis, and the main findings from the field are given.

5.1 Data Collection in the Field

This section will look at how the empirical data was collected. First by explaining how the contact to the projects studied were made, moving on to expanding on the actual method used, in this instance interviews and observation. Thirdly, ethical considerations connected to the data collection is presented, and finally the validation of the results is reviewed.

5.1.1 Contacting the Case-Study Projects

Initially there were two case-studies that were to be used in this thesis. One was found through The Salvation Army's International Development Department and the other from the NGO Five Talents United Kingdom, after having gone to Kenya, the latter case-study was dropped however, the reasons why will be elaborated below.

I was made aware of a micro-finance project named WORTH in Kenya through The Salvation Army. This programme is a relatively new project, first having been set up in January 2012, however, the results the headquarters were getting were very positive. It was therefore suggested I visit this project, both because I (due to my initial research) had a fairly negative outlook on the benefits of micro-finance and could use this project to either confirm or contrast my early findings. It was also a different way of doing micro-finance that was interesting to get a take on.

The coordinator from The Salvation Army furthermore made the organisation Five Talents known to me, and suggested I contact them as well. In Kenya Five Talents work with, amongst others, the Thika Community Development Trust (TCDT), whom I was with in Kenya. I initially contacted Five Talents to gain ideas and knowledge about micro-finance in practice, but was then invited to join their work for a couple of days, so I could see it in practice. Similar to the WORTH project, Five Talents were receiving good feedback from TCDT, and the coordinator there also felt this would be good for me to examine from the research perspective of empowerment that I was coming with, to see if it correlated with their own results.

Initially my area of interest during my research included religious providers of micro-finance, as I wanted to compare it with non-religious providers, to see if there was a difference in the results, which is the reason why the case-study is taken from a religious organisation. The topic of religion and its influence on micro-finance will not be examined in the thesis however, due to scope and time constraints. Nevertheless, though this is no longer the focus of the research, the case-study is still relevant as they are part of the micro-finance spectrum, and the model used as a design within the case-study programme is not a religious design.

5.1.2 Method and Experience of Data Collection in the Field

My aim in doing empirical research was to find out how women experienced their involvement in micro-finance, to hear how they described their life, in an effort to determine whether their participation in micro-finance could be seen as a catalyst for their empowerment. Steiner Kvale and Svend Brinkman, contends that if you want to know how people understand their world and their lives, try talking to them. It is through conversation, they write, that we get to know and interact with people, and are told things about their experiences, feelings, and attitudes, and especially what they themselves think about the world they live in. In essence, through talking to people you get to hear their opinions in the way that they themselves express them (Kvale & Brinkman 2009: 15). As a result of this, the empirical research for this paper was gathered through interviews, but also through observations.

Kvale and Brinkman regards the interview as a way of constructing knowledge through interaction between the interviewer and interviewee. In their opinion, the interview is and “inter view,” a way for two, or more people, to exchange perspectives on a common topic, seeing an interview as a conversation with a “structure and a purpose” (Kvale & Brinkman 2009: 18-19).[4] As seen in chapter 2, the research in this paper is based on qualitative methods, and the interviews were carried out from a qualitative perspective. In comparison to quantitative interviews, where the questions might have a set form,

[4] The original quote from the book says: “Et interview er en samtale, der har en struktur og et formål.”

qualitative interviews are more open and flexible (Kvale & Brinkman 2009: 25). The empirical research was carried out using semi-structured interviews. This type of interview, is similar to an every-day conversation, using a professional technique and purpose; in this way it is not a completely open conversation but is neither a closed questionnaire. Semi-structured interviews usually have an interview guide to work from, with certain themes to cover and suggested questions to ask (Kvale & Brinkman 2009: 45). This open setting also allows the researcher to follow up on answers given, because they are not confined to a set list of questions (Bryman 2012: 716).

My interviews were carried out in a way corresponding to what is described above. There was a set of suggested questions which could be used, however, I considered it to be greater value to start by asking a general question, within the theme of my research, and then follow up on the answers they gave me. Nevertheless, I did also try to bring the conversation over to the themes necessary if the interviewees were moving too far in another direction. Letting the women talk, and listening to what they were saying, gave a good understanding of what they felt and opened up to new areas of discussion that I had not thought about before.

When I visited the WORTH programme, I interviewed three different groups of women, however, I did not necessarily ask them the same questions. During the first group interview I found that some questions did not work well, while others worked better, meaning that during the next group interview, I changed some of my questions that I had found from experience to not work. Similarly, the last interview had changes in the questions asked. This interview was carried out on my last day, after having observed and talked to a number of women, which meant that I had new questions that I wanted to follow up on.

As mentioned above, this thesis was supposed to use evidence from TCDT as well, however, the interview experience here made this impossible. I was with the TDCT three days, having been informed that I could interview women during that time. However, the interviews kept being pushed back by the staff as other activities arose. In the end, I was only given two women to interview, neither of which were of great value. These women were presented to me on the last day I was with TDCT, and shortly after I was told we had to go somewhere else. I was able to talk to two staff members as well, but similarly it was under a lot of time pressure, being reminded by people surrounding us that we had to hurry and being interrupted in the middle of it to be told we had to go somewhere else.

Unfortunate as this is, such things regrettably happen when doing fieldwork and cannot be planned against. J. Sarsby, writes that “every field situation is different and initial luck in meeting good informants...may be just as important as skill in technique...many unsuccessful episodes are due as much to bad luck as to bad judgement” (Sarsby 1984: 96 in Bryman 2012: 431). Therefore the empirical evidence used for this thesis, will only be provided from the WORTH project. This data includes observations, as I was able to observe micro-savings group meetings before talking to the women. Doing this, I was able to see how the groups actually work, and do their day-to-day business, getting a first-hand experience of how women participated in the programme.

5.1.3 Ethical Considerations

Whenever doing research one has to consider any ethical issues which may arise. Bryman identified four main criterion of ethical principles to consider in research: “whether there is harm to participants; whether there is lack of informed consent; whether there is an invasion of privacy; whether deception is involved” (Bryman 2012: 135). For this research, all participants were informed of the uses of the interviews and made aware that participation in the interviews was voluntary. Before the interview started they were informed of their anonymity in the report. They were similarly told that the only places their real names could be found would be on the tape recorder and my field diary, but that these would only be seen by me, my supervisor and my censor. All the participants consented to being interviewed under these conditions, and to being recorded.

Concerning the issue of privacy and harm, there were certain questions which may have been pertinent to ask, but was not deemed socially and culturally acceptable during the interview and were therefore left out. Because I was only there for such a short time, it was necessary to quickly build a level of comfort and trust with the participants, which could easily have been ruined had I asked questions not deemed acceptable.

5.2 Case Study Findings

This section presents the findings from the case-study, first presenting and expanding on it to give a better background, and secondly introducing the main results found in the research.

5.2.1 Case-study Presented

The Salvation Army’s WORTH Programme:

As an organisation, The Salvation Army is involved in a number of activities, one of these being development work. The Salvation Army's micro-savings programme in Kakamega, Kenya began in January 2012 and uses a model named WORTH, originally developed by Pact, an American organisation. The WORTH model is multifaceted, and focuses on women's empowerment by combining micro-savings, literacy, and various training (Zunia 2013; Pact 2013).

The WORTH model was first known as WEP (Women's Empowerment Programme), and was implemented in Nepal between 1999 and 2001. The model of micro-finance, in this case using mainly micro-savings, focuses on "building equity in the groups rather than incurring debt to a Microfinance Institution" (Ashe & Parrott 2001: 6).

Like many other micro-finance providers, the WORTH model is group-based. Where this model differs, is that the groups are entirely run by the women, who elect five members each cycle to serve on the group's board, for instance as chairman or treasurer. Furthermore, the savings are solely the group members, and the money saved only circulates within the group. At the weekly group meetings, group members buy shares in their loan fund, these shares have a fixed price (previously determined by the group members) and each member are required to buy at least one share per meeting and at the most five. The loans taken from the group are borrowed with an interest, also previously determined by the group, and the interests go into the loan funds overall amount; all loans should be repaid within three months. At the end of a project cycle (nine months) the group holds a "share out," where members are given dividends of the interests gathered in the loan fund. The amount given to each member is calculated by the amount of shares held by the member. In this way, the interests paid when borrowing money is given back to the members again (VSL Field Officer Guide 2010: 11-15 in guide**PAGE for appendix)**[5].

5.2.3 Case-Study Interviews

The interviews carried out for this thesis took place in Kenya over two days in August 2013, using women from The Salvation Army's WORTH project in towns surrounding Kakamega. Three groups of women were interviewed from separate clusters of groups, though the women may have belonged to the same cluster, the women used in the interviews were not from a specific group, but a mixed set of members. The first two group

[5] The Field Officer Guide can be found in the appendix. Furthermore, see field diary entry 09.08.13 for more information on the groups.

interviews were carried out on the ninth of August, and will be referred to as Group One and Group Two respectively. In Group One, eight women were interviewed, while Group Two interviewed ten women. The final interview, with Group Three, was carried out on the tenth of August, here eight women were interviewed.[6] Though no specific ages were given by the women interviewed, most of the groups ranged between early-twenties to late-fifties or early sixties. Most of the women seemed to fall between late-twenties and forties. The only exception was in Group Three where an eighty-year-old participated.[7] The main results and themes found through the interviews is presented below.

5.2.3 Case-Study Results and Themes

This sub-section will briefly present the study's findings, presenting some of the main themes found from the answers given, before applying it in the analysis. Through the interviews, it was found that most of the women had heard about the WORTH programme either through already existing members or from empowerment workers from the programme who visited their churches. One woman stated that when she learned about the way WORTH worked, she decided to leave the group she was already a part of to join WORTH instead. Her reason for joining was that it was the women's own money being saved and expressed appreciation of being able to make a profit out of their savings, rather than having it go to the bank (G3:01.00-03.01). Similar responses and agreement were given from other women.[8]

Generally, the answers given by the women were overwhelmingly positive in their response to the WORTH programme and its effect on their lives. In all three groups woman reported that their lives had changed for the better since joining WORTH, giving various reasons why. Some of the often mentioned benefits seen by them related to a sense of community being created, being able to help their children, keeping them busy, and making them independent and reliable.[9] Furthermore, they reported that their husbands generally supported their participation in the programme. Though some had been skeptical at first,

6 When the results from the groups are referred the description given will be either G1, G2, or G3, along with the appropriate time from the interviews. The complete interviews can be found on the cd-rom provided with this thesis.

7 See field diary, entries on 09.08.13 and 10.08.13.

8 See, for instance, G1: 01.00-04.00 or G3: 03.15-05.05.

9 This is seen throughout all the group interviews and can be heard in the recordings of G1, G2 and G3.

most came around when they saw the profits the women were making and the benefits it brought to the family (G1: 14.26-18.04; G2: 13.39-13.49; G3: 29.43-36.56).

The women did report some challenges they faced regarding the programme. These challenges mainly concerned women who were not committed to the group and therefore defaulted or did not make their repayments. Furthermore, it was reported that when demand was low (for their income-generating activities) it posed a challenge. Most of the challenges mentioned referred to such issues (G1: 11.57-12.12; G2: 35.17-37.16; G3: 43.02-44.18).

5.3 Kenya

Because the field research used in this paper took place in Kenya, this final section of the chapter presents a brief background of Kenya from a development perspective, also showing the situation of Kenyan women.

5.3.1 Kenya From A Development Perspective

Statistics from the World Bank show that there are many development hindrances and troubles facing Kenya today. The country is classed as a low income country, with nearly fifty per cent of the population under the national poverty line (World Bank 2013a; World Bank 2013b). Poverty can be seen in many different ways, for instance, through access to basic household services such as water, electricity and sanitation. While the accessibility is steadily increasing for the country, its overall coverage is still quite low. For instance, in 2011 only 54 per cent of the rural population had access to water. Moreover, in 2011 the average life expectancy at birth was fifty-seven (World Bank 2013b; World Bank 2013a). The infant mortality rate has decreased, however. From a figure of seventy-seven and 115 deaths per 1000 live births (for boys and girls respectively) in 2003, the figure dropped to fifty-two and seventy-four in 2008-09 (World Bank 2013a). Overall, though there have been steady improvement in Kenya's development, there are still a number of challenges facing the country, seen for instance in their place on the UN Human Development Report from 2013, which places Kenya in the category of "Low Human Development," giving it an overall ranking of 145 out of 186 countries (UNDP 2013).

5.3.2 Women in Kenya

Kenyan society is based on patriarchal values, and women and men have separate roles to fulfill. This role often "relegates women to subordinate status, confining them to menial tasks and discriminating against them in political and economic spheres" (World Trade Press 2010: 22; Hornsby 2012: 33-34). While there is some difference between urban and rural women, with the former having an advantage in accessing education and getting job opportunities, even they are still subjected to "traditional attitudes and practices" (World Trade Press 2010: 24). During field research in Kenya, I spoke to a young women in university whose family I was staying with, and even though she was in a much better position than the great majority of women in the country when it came to education and housing - having both electricity and running water - she was still expected to carry out traditional roles, such as cleaning and cooking, while her two brothers and father never had to do any housework. When I asked her how she felt about this, she was clearly irritated over the fact that her brothers had no responsibilities at home, and was surprised to hear that it was normal for men to do housework in Europe.[10]

Men are the breadwinners, leaving the housework to women. It is still common for women to engage in casual labour also, however. In agriculture, for instance, women make up seventy per cent of the labour force, though only holding one per cent of registered land titles (World Trade Press 2010: 9; Ellis et. al. 2007: xxiii). In addition to work inside and out of the house, in rural areas, women often also have to "travel long distances to fetch water and firewood," and though children sometimes help with these chores, women still bear the brunt of this type of work (World Trade Press 2010: 10). Indeed, a survey from the World Bank, found that women in Kenya are "time-poor," due to their "dual roles in the household economy and labour market," highlighting that on average women work thirteen hours while men only work eight hours per day (Ellis et. al. 2007: xxiii).

Economically speaking, Kenyan women are also poorer than men: fifty-four per cent of rural women and sixty-three per cent of urban women and girls live below the poverty line (Ellis et. al. 2007: xxiii). According to the World Bank study, women's poverty is often a result of gender inequality, seen for example above in relation to their work. The World Bank states that the "greatest determinant of poverty for women" in Kenya is their "unequal access to opportunities and assets." Women, rarely own land, which in turn affects their ability to "participate in producer groups, receive cash renumeration for their

[10] Conversation on 20.07.13 in Thika, Kenya.

labour, and benefit from agricultural extension services;" and since more than seventy-five per cent of Kenyan women live in rural areas and work in the agricultural sector, the lack of ownership is quite an inhibition. Additionally, the lack of ownership makes it difficult for women to access the banking system, because they have no collateral to use to obtain a loan or get "formal financing," which in turn "hinders their business growth" (Ellis et. al. 2007: xvi-xxii).

Chapter 6: Analysis

This chapter examines the first research question presented in the problem formulation, questioning: *To what extent does micro-finance induce female empowerment?* To do this, the chapter is split into three sections, the first using secondary research to examine approaches to micro-finance provision from a minimalist perspective, examine the extent to which this induces empowerment. The second section turns to examine original fieldwork carried out in Kenya, examining micro-finance and empowerment in carried out with an integrated approach. Finally, the last section sums up on the findings of the chapter.

6.1 Micro-finance as an empowering process - What do studies show?

This section examines studies on micro-finance and women, discussing whether women through their participation in them become empowered. To answer the research question posed above, this section mainly applies secondary sources using case-studies carried out by other researchers. Theories introduced in chapter 3 will be employed even if the studies did not employ those theories themselves in their analysis of empowerment, in order to establish whether empowerment, or possibilities for it, can be seen based on their results and the definitions used for this thesis. The section is split into three parts, the first two resulting in a more critical outlook on micro-finance and empowerment, while the third adds to the analysis by discussing whether the philosophy behind the distribution of services affects the possibilities for micro-finance acting as a catalyst for empowerment.

6.1.1 Who Control the Credit?

As seen from chapter 1 and chapter 4, micro-finance is promoted as a way of putting resources straight into women's hands, resources that women traditionally have "been deprived of influence over the use" of, or even just of having "legal ownership" over (Harper 2011: 54-55). Through her own studies Srilatha Batliwa found that it is often presumed that "power comes automatically through economic strength." Batliwa finds fault with this assumption however, pointing out that while this may sometimes be the case, most often power does not automatically come through economic strength. Instead, it often depends on other "specific relations," such as for instance "gender, culture, class, or caste" (Batliwala 1993: 7 in Rowlands 1997: 23). This sub-section examines the process of empowerment, looking mainly at the control of credit by women.

The vulnerability of the presumed connection between economic strength and power can be seen when looking at studies regarding the borrowers control of credit through their loans. Linda Mayoux (2000) states that it cannot be assumed that women "have control, or even an effective say, over loan use," arguing that women are sometimes used as "low-cost and reliable intermediaries between programme staff and male family members" (Mayoux 2000: 12). Micro-finance staff have been found to view women easier to work with due to their presence in the home during work hours, while men, though perhaps wanting to take out loans for use on income-generating activities often do not have the "time nor the inclination to attend" mandatory group meetings. Women are therefore an effective way for both staff members and male household members to do business (Mayoux 2000: 12).

In a study by Goetz and Gupta (1996: 49), similar results were found through examining four Bangladeshi micro-finance organisations. They found that of the women surveyed, thirty-seven per cent of them indicated "full" or "partial" control of their loans, while sixty-three per cent reported either "partial," "very limited" or no control over their loans. This Goetz and Gupta argues indicates a "fairly significant pattern of loss of direct control over credit." Tyler Cowen (2006) found similar results after a visit to the MFI Spandana in India. After polling three groups of borrowers, Cowen found that "usually the money went to a business of the husband, not the wife," though leaving the women with full responsibility to repay the loan (Cowen 2006). Similar results were also found in studies by R. Rahman (1986), S.White (1991) and B. Ackerly (1995), suggesting that this loss of control is not limited to the findings highlighted above (Goetz & Gupta 1996: 49). These findings question the validity of the connection mentioned above between placing resources directly in women's hands and empowerment, as it seems women may still be placed in traditional relationships where men have control over the resources brought into the house.

Nevertheless, the transfer of loans to male relatives may be discussed in positive terms concerning women's empowerment. Goetz and Gupta discuss whether this transfer can be used and considered as a way of "enhancing [women's] status within the family" by being recognised as "an important new source of revenue" (Goetz & Gupta 1996: 53). A study by R. Rahman from 1986 gives support to a possible raised status of women who transfer loans, showing that these women tended to have a "higher nutritional status, and had more money spent on their clothing and medical needs" compared to wives of male borrowers.

Nonetheless, spending on women tend to be the highest when women have full control of the loans (Goetz & Gupta 1996: 56).

These findings do not necessarily indicate empowerment, however. According to Parmar (2003: 465) considering empowerment from this perspective then views empowerment as something that can be given by male household relatives, thereby making them the "primary agents of women's empowerment," something women ideally should be. Instead, women are reduced to "objects" who are passively receiving empowerment. According to Kabeer, empowerment is not something that can be given, but something that has to be "self-generated," referring to the notion of empowerment as 'power within,' where power is related to women's capacity to "control resources, to determine agenda's and make decisions" (Kabeer 1994: 229 in Rowlands 1997: 21).

Having said that, women can also be seen to use the transfer of loans to their male relatives as a "bargaining chip" in order to benefit from "other opportunities available through credit organizations," such as creating networks, skills and knowledge (Goetz & Gupta 1996: 54). In this way, some women were seen to find it valuable to have something to trade with, in order to be allowed to further their own agendas. In her own studies, Kabeer (2001) found that women did not necessarily give as much value to having full control over their loan, and that sharing a loan did not "necessarily carry connotations of loss of control." Instead, sharing a loan may be seen as a "logical choice" made by the women (Kabeer 2001: 82, in Parmar 2003: 466). This choice may simply mean that the women place greater value on combatting poverty by investing their money where they could gain more (men generally have better access at investing money in profitable activities), rather than having full control of the loan themselves (Parmar 2003: 466).

Yet, can this really be considered empowerment, or even just progress in terms of gender equality, when women have to chose between having full control and transferring control to their husbands in order to efficiently use their credit? While it can be seen that they gain resources (mainly economic here) and use these to execute a choice, it could also be argued that there is not much freedom given to do so, and the opportunities open to women in these cases seem rather narrow. Furthermore, Kabeer (1999: 437) stated that choice in itself was not enough for empowerment, there had to be the "possibility of alternatives" when considering choice. In the case of choosing between full control or transferring funds, it could be argued that not much alternative choice is left open to the women. Though the transfer could be seen as a "strategic life choice," it could also be seen as a choice made necessary due to the lack of better options. Women in this study did not have access to markets to the same extent as men or they gave up control of their to gain higher status, for their choice to be considered a valid alternative, women would have had to have the same status as men to begin with.

Furthermore, when women have control over their loan, as seen in Goetz and Gupta's study, such was the case for thirty-seven per cent, doubts can still be raised concerning their empowerment. Mayoux finds that women with full control over their loans often "continue to be overwhelmingly involved in a narrow range of traditionally female activities" often with "low investment and low return" (Mayoux 2000: 13). Katherine Rankin finds similar results, showing that even with control over the loan, women are usually encouraged to "take up enterprises such as sweater knitting that do not disrupt the practices of isolation and seclusion within their households" (Rankin 2002: 17). Furthermore, because other women from micro-finance programmes often will enter the same market, they also have to deal with increased competition in these narrow areas of activity (Mayoux 2000: 13).

In this sense, it seems that women are still subject to the notion 'power over,' even if they have full control of the loans. In this case, 'power over' can be seen as the culture and tradition of the country or area in which women participate in micro-finance enterprises. According to the theory from chapter 3, this then would to some extent affect the choices that women are able to make, as they are not able to participate in more male-centered activities in the market, which might gain them better investment opportunities. One could, however, also interpret this behaviour in terms of Rowlands notion of "internalised oppression." Through this view, women may not have even imagined a possibility of using their credit in less traditionally female activities, to use Kabeers terminology.

Finally, it has to be taken into account that perhaps micro-finance in itself is not enough to encourage women's empowerment, needing instead an improved attitude towards women's worth (even without the ability to take loans). While some women may chose strategically to allow men to control their loans, there is no evidence that shows a change in attitude or perception from men concerning women, beyond an appreciation of the women's ability to bring home credit. Nor is there evidence that women's relationships with men are being renegotiated in terms of "decision-making" within the household (Goetz & Gupta 1996: 56; Rowlands 1997: 132). In patriarchal systems, credit therefore, does not seem to be enough to "overcome...systems of control at household and community levels," Aneel Karnani contends. Pointing to the issue of control as one of the factors behind the "mixed results" found concerning micro-finance and empowerment, arguing that it "seems that a significant fraction of women, in spite of having access to credit, do not have control over the loans contracted or the income generated from the microenterprise" (Karnani 2011: 84). Rowlands also points to the patriarchal systems, arguing that for empowerment to be truly possible, it is not enough to focus only on women, as men's behaviour and beliefs also are required to change. This however, would be a project beyond the reach of micro-finance alone, needing to look at concepts such as culture, class, religion and in some countries caste, alongside with gender issues (Rowlands 1997: 132).

6.1.2 Pressure

While the studies applied above cast doubts on the catalytic abilities of micro-finance in terms of women's empowerment considering the credit loaned by women, this section will turn to studies looking at the processes which are involved in delivering micro-finance to women, especially in the 'new wave' micro-finance model. As seen in section 4.1.2, 'new wave' micro-finance came about in the 1980s and since developed into the best practice within the field of micro-finance; focusing more on sustainability rather than charity, and to a large extent commercialising the enterprise, turning not-for-profit organisations into for-profit ones. The 'new wave' models are often built up around the Grameen model and ways of delivering micro-finance.

In section 4.1.3, it was shown that a lot of the success of micro-finance, also considering empowerment, is seen in the light of final outcomes and quantitative measures (for instance, high loan repayments rates and the number of women joining), yet these outcomes do not tell us much about the activities involved in creating them, this sub-section will turn to do that (Fernando 1997: 150-161; Fernando 2006: 28-29).

Through fieldwork carried out in Bangladesh, Fernando shows how many 'new wave' micro-finance providers often are quite rigid in their attitude towards loan-repayments, frequently charging very high loan rates adding pressure on the poor borrowers ability to repay them. While his case-studies had interests rates between sixteen and twenty per cent, which though high considering they are dealing with poor women, are still fairly low considering other MFIs rates. Furthermore, Fernando also showed that the actual costs were much higher, as NGO's often add additional costs to the loans (Fernando 1997:

170-174; Fernando 2006: 28-29). Aneel Karnani, found similar results in India, finding that when all costs were taken into account the interests rates of the MFIs she examined ranged between thirty to forty per cent. These high interest rates have come under criticism for exploiting the poor, often occurring as a result of the commercialisation of many micro-finance organisations (Karnani 2011: 86-87). Muhammad Yunus is amongst these critics, arguing that interest rates should be no higher than fifteen per cent, comparing those that go above this to "moneylenders and loan sharks" (Roodman 2012: 181-182).

High interests do seem to be the dominant occurrence in the field, and David Roodman states that three quarters of "today's microcreditors" would be considered "moneylenders and loan sharks" by Yunus (Roodman 2012: 182). Section 4.1.2 showed that many not-for-profit micro-finance NGOs developed into for-profit institutions during the 1990s, showing investors that micro-finance could be a profitable business. No more is this profitability more evident than in the Mexican bank Compartamos, which in 2007 started selling shares, making millions, and "cashing in on profit flows from an interest rate of [eighty-five per cent] a year" (Roodman 2012: 182). Considering that micro-finance was supposed to help poverty-stricken people out of their situation, such high interest rates seem quite contradictory to the purpose. This issue will be looked on further below.

Furthermore looking at the loans given and methods used by a lot of MFIs, Fernando found that often there was no "grace period for beginning loan repayments" leaving no time for women to make a profit from their income-generating activity to repay their loans with (a profit is usually not made in the first three months). Additionally, he found that maintaining the "regular repayments irrespective of household income flows" often added extra pressure to borrowers. These "lack of flexibility" and high interest rates mean that women often saw loan repayments as a large burden (Fernando 1997: 172-174).

One woman told Fernando:

> *"We are constantly under pressure to think of ways in which we can raise money for weekly repayment requirements. Often we have to sell the few home-grown vegetables that we earlier used for our own consumption, forgo buying books for our children and medical treatment."* (Fernando 1997: 174).

Moreover, the woman told that even when one tries to "prioritize" the needs as mentioned above, group-members will often "make sure" that the they "sell whatever [they] have in order to make the weekly repayment," due in part to group members all being dependent on each other's repayments (Fernando 1997: 174). This adds a sense of group pressure to the women, and in some ways this can be seen as another form of collateral. When loans are late, it is not uncommon that "social pressure and in some cases physical violence" is "directed at the debtors" in order to retrieve what they owe. Heloise Weber also came to this conclusion, seeing that in these ways, NGOs apply "rigid" methods, giving the borrowers little control over their loans (Weber 2006: 54; Fernando 2006: 28-29).

Similarly, after spending a year in Bangladesh, anthropologist Lamia Karim wrote of her experience in 2008, describing how she saw that "credit-related strife amongst members and their families were routine occurrences." She observed that

> *"women would march off together to scold the defaulting woman, shame her or her husband in a public place, and when she could not pay the full amount of the installment, go through her possessions and take away whatever they could sell off to recover the defaulted sum"* (Karim 2008: 18-19, in Roodman 2012: 206)

Additionally, if a woman could not "pay the sum," which Karim states "happened several times a month in the NGOs" she studied, she writes that, with "full knowledge" of the NGO staff:

> *"group members would repossess the capital that the woman had built with her loans. This ranged from taking away her gold nose-ring (a symbol of marital status for rural women, and removing it symbolically marks the 'divorcing/widowing' of a woman) to cows and chicks to trees that had been planted to be sold as timber to collecting rice and grains that the family had accumulated as food, very often leaving the family with no food whatsoever."* (Karim 2008: 18-19, in Roodman 2012: 206).

High interest rates make it hard for women to repay the loans they take out, especially considering that they often have to start repayments right away as seen above, which then often leads to consequences as described in the quotes above. From these instances, it is hard to see how micro-finance can be empowering for women, especially those who may be in worse poverty than others when joining, thereby more easily falling into situations such as this. Yet, one can also imagine that even women who have not fallen short on repayments live with the pressure of the knowledge that if they do not keep up the payments, they will be subject to the same treatment.

The pressure from group members does not come entirely from the group however, indeed often it comes from the MFIs and NGOs, by them also putting pressure on the groups. When talking to a micro-credit client who had taken part in repossessing another group members things, Karim found that after having proudly told of the women's duty to engage in such behaviour when payments were due, eventually said that while it was "not good to break someone's house" they were "forced to do it." She said that "this is how we get loans from Grameen Bank and other NGOs. They put pressure on us to recover the money, then we all get together and force the defaulting member to give us the money" (Karim 2008: 23, in Roodman 2012: 206). In this way, members are forced into exerting pressure on each other in order to take out loans themselves.

Other studies have also found that many MFIs use harassment techniques themselves, in order to ensure regular repayments. Pointing to the mass suicides of borrowers in Andra Pradesh in India, which reports tell followed intense repayment harassment from two of the biggest MFIs in the region (Spandana and SHARE), Karnani examined the collection methods of MFIs as they were coming under increasing criticism. Reports from borrowers showed that the MFIs were increasingly becoming "worse than money lenders" in their methods of collection, often using intimidation to ensure the repayments (Karnani 2006: 86). Similar reports come from Bangladesh, where a French international news channel, found that villagers claimed they were unable to repay their loans due to the high interest rates and as a result felt persecuted by MFI staff members. A former debt collector is reported to have said that the Grameen Bank's:

> *"technique is to scare borrowers and insult them. We tell them to sell their clothes, that they have no other choice. I'm not proud of myself, but several times, I had even been obliged to say 'sell your children.'"* (Karnani 2006: 88).

These practices often mean that women are still found taking loans from local moneylenders. This is quite ironic since, as seen in section 4.1.1, Yunus started micro-finance enterprises in the hope that it would put moneylenders out of business; yet here we see that women are still pressured into taking further loans from them in order to make their repayments on time, in this way being caught up in a circle of debt. Yunus, himself, is reported to have blamed this development on the increased commercialisation of micro-finance, fearing that it will indeed just become "the usurious money lender which it was supposed to replace" (Karnani 2006: 87). Not surprisingly, the pressure, in this instance peer pressure, is often resented by the women, and Fernando shows how women in his interviews often complained of the controlling aspects related to taking a loan stating that "[since we joined the NGOs,] everybody in the village can tell us what to eat and what not to eat," often questioning women on the use of their money if felt it is not spent correctly (Fernando 1997: 171).

Considering these findings in view of the theories applied in this thesis it is difficult to view micro-finance - through Fernando's, Karnani's and Karim's findings - as very conducive to empowerment. For instance, considering Rowlands concepts of ‘power over’ and ‘power to,’ it seems that these programmes are the ones executing ‘power over’ women, in the sense that they make up the rules and regulations and as seen above in the quote often keep women under a fair amount of pressure, which inhibits their control and, using Kabeer’s vocabulary, their ‘decision-making’ ability concerning in this case just what to spend their loans on. Even within groups it can be seen that the notion ‘power over’ is exerted on women by fellow group members. Rowland writes, ‘power to’ is attained by “increasing one’s ability to resist and challenge ‘power over,’” however, the above results do not give any indications that the borrowers are able to resists the rules and methods of the MFIs or the group members (Rowlands 1995: 102). The studies do not indicate whether the women were able to exert greater decision-making power in their households, however, they indicate that women are still largely left out of the decision-making processes when it comes to the loans they take not only being controlled by the NGOs but also by their fellow group members, thereby posing limitations to the choices they are able to make. As seen from the woman quoted earlier by Fernando, even if women did prioritize certain choices over others (such as spending money on their children’s school) they were then subject to pestering by other group members as to why they did not invest it in the group instead.

In terms of resources and agency, it also seems doubtful, from these studies, that micro-finance can help further these along. The studies here showed that instead of allowing women to engage in profitable businesses, they were often lunged into a cycle of debt in order to make their repayments on time. It seems the women lacked agency despite being involved in micro-finance, especially if considered in Kabeer’s definition of being able to define “one’s goals and act upon them” (Kabeer 1999: 437). The results of these studies also poses serious questions as to whether micro-finance (in these cases) can aid people in living a life “worthy of human dignity” as Sen sees the main aim of development as being. Indeed, the methods of these MFIs can be seen to be directly contradictory to this aim, being sources of “unfreedom” rather than enablers of freedom. Even if women increased their capabilities through the programmes, their opportunities and choices to apply them seem not to have widened much (Sen 1999: 3).

It is of course not possible to say that all micro-finance groups exert the type of pressure as seen in the examples from above, or that all MFIs and NGOs apply intimidation to collect debts. All of the instances above are from a South Asian context.

However, due to the lack of studies on the processes of MFIs, these studies are among the few studies available to use to analyse empowerment using factors other than the quantitative methods used in other studies, applying the number of women present in the programmes or the repayment rate. Furthermore, from original research carried out for this thesis in Kenya, similar results were found. During the last group interview of the research trip, the women were asked why they had chosen the WORTH micro-savings group instead of one of the many others in the area, such as one of the biggest in the country, the Kenya Women's Finance Trust (KWFT), the women expressed displeasure with the methods used by other MFIs.

The high interest rates and lack of flexibility were criticised by one of the women, stating this the reason why she would not join an MFI (G3: 14.30-16.16). These women also highlighted the methods used by MFIs when it came to collecting repayments, expressing concern at how women were "handled" if they "failed to repay their loans" (G3: 21.16-22.32). Furthermore, they also said that when loans were not repaid on time the MFIs would "come and carry away your things," even coming to your house before lending money in order to "check what you have" (G3:14.30-16.16; G3:13.28). One woman who had been a member of KWFT even reported having gotten ulcers while being a member, and being filled with worry about making her repayments (G3: 19.09-21.08). Generally, their views towards MFIs support the evidence found in the studies above, further questioning this type of micro-finance's ability to act as an initiator for empowerment, indeed, one of the interviewed women went as far as saying that MFIs "destroy you" (G3: 13.28-14.23).

6.1.3 A Matter of Philosophy?

If only considering the above sections, it would be hard to conclude anything but serious doubts as to the empowering effects micro-finance has on women participants. To begin with there is not a plethora of studies attempting to demonstrate or refute the claims regarding micro-finance and empowerment, certainly not in-depth at least, and as seen the ones that have done this, often come out on the critics side of the question. Naila Kabeer agrees that micro-finance cannot be promoted as a "magic bullet for women's empowerment" as it often has been, arguing that in all of development there is no such thing as a "magic bullet." However, Kabeer also argues against complete dismissal of micro-finance, claiming that given the right circumstances, it may be used as an initiator of women's empowerment, a way to develop skills that can be used to stand up against the norms of society (Kabeer 2005: 4709-4715).

For Kabeer, the outcome or the possibilities of micro-finance provision lies in the philosophy of the providers, namely the MFIs and NGOs. For instance, she claims that outcomes will vary depending on whether a minimalist approach is used, or whether a more "socially-oriented," or integrated, method is applied (Kabeer 2005: 4709). Kabeer states that the field of micro-finance provision is placed on a spectrum, at one end representing the "market" side of the spectrum. MFIs situated near this end of the spectrum, tend to be minimalist in their provision of services. The "market end," as Kabeer calls it, concerns those providers who see the problem relating to poverty "to be one of failure in financial markets," considering the entrance of "low-income individuals to credit as the only missing piece for income generation," thereby seeking to create "market-like alternatives to excluded groups." These MFIs therefore view the provision of credit as the development strategy in itself (Kabeer 2005: 4710; Al Magboul 2013).

At the other boundary of the spectrum, we find what Kabeer terms the "movement" end. Micro-finance providers at this end, tend to favour a more integrated approach to financial provision, offering not only credit, but also other "development-oriented services to the poor," viewing "financial exclusion" as being "symptomatic of deep-rooted structural inequalities," affecting both ones ability to participate in more formal financial services, but also in "other aspects of social life." Kabeer states that other MFIs fall between these two ends on the spectrum (Kabeer 2005: 4710; Al Magboul 2013).

A lot of 'new wave' micro-finance fall towards the minimalist end of the spectrum in their philosophy towards the provision of micro-finance. Even Grameen Bank, though it may have started out closer to the integrated approach, is seen as a minimalist micro-finance provider today. Grameen Bank is not the only MFI which has shifted to a minimalist approach with the 'new wave' though. Another forerunner for micro-finance in Bangladesh, BRAC, started out according to Kabeer with a "broader social mission" alongside their economic focus, indicating an integrated approach. However, a change was reported by members after BRAC's expansion in the 1990s, especially exemplified through their way of carrying out group meetings. In the South Asian context, most MFIs use a group-based model no matter where on the spectrum they are placed, yet the meetings differ greatly depending on the MFIs philosophy. While minimalist tend to deal only with matters concerning "loan disbursements and repayment," integrated meetings are more "socially based," covering a "wide range of topics," and focuses on "training and reflection on economic and social issues" (Kabeer 2005: 4711-4716). While BRAC's meetings initially had fallen under the latter description, members began expressing dissatisfaction with the meetings after BRAC began "concerning itself with financial sustainability and repayment rates" (Kabeer 2005: 4715-4716). This further supports the shift towards 'new wave' micro-finance as the best practice, and further suggests that this 'new wave' model leans towards the minimalist approach.

As seen in section 4.1.2, the majority of MFIs employ the Grameen model today. The studies used in the previous sub-sections show indications of being from a minimalistic financial provider as well. The high interest rates are evidence of this, as well as the specific mention of Grameen Bank in some of them. The MFI SHARE from Andhra Pradesh was also used a minimalist approach. Furthermore, it seems unlikely that a provider placed further toward the "movement" end of the spectrum would apply the type of pressure or lack of flexibility concerning repayments. Concerning the studies made in section 6.1.1, it is, however, difficult to determine whether the results were based on minimalist or integrated approaches, as these studies are more concerned with effects within the household and how women themselves act with regards to their businesses.

Using this way of approaching the topic of micro-finance and empowerment, Kabeer shows how the conflicting evidence concerning micro-finance's effect may be caused by the variations in the philosophies behind the design of the different programmes, herself leaning more towards the integrated approach as a better catalyst for empowerment (Kabeer 2005: 4709-4715). Kabeer sees "a range of possibilities" regarding the provision of micro-finance, arguing that which "of these possibilities are realised in practice will be influenced by a host of factors," such as "the philosophy that governs their delivery" and whether they are designed to meet the "needs and interests of those they are intended to reach" (Kabeer 2005: 4709). From this, one could argue whether it is just certain types of micro-finance that are not conducive to empowerment, and whether these types may be the one's currently considered best practice by the majority of the field. The next section will examine this question further by using evidence from original fieldwork carried out in Kenya for this thesis investigating micro-savings groups.

6.2 Case Closed for Empowerment? Another Take on the Possibilities of Micro-finance

This section investigates a more integrated approach to micro-finance provision, in order to examine whether projects carried out in this manner compare or contrast to the findings above concerning minimalist micro-finance provision. It mainly applies evidence from fieldwork carried out in Kenya, using the WORTH model, while also adding evidentiary support from other integrated approaches. The first sub-sections will deal with the findings from the fieldwork, thereby discussing the empowerment possibilities of the WORTH programme, looking at two main themes: independence and standard of living. Following a short discussion on the participatory methods of the WORTH programme is presented, and finally, secondary evidence will be used to finish off the discussion.

6.2.1 The WORTH Model - A Catalyst for Independence?

Results from Kenya suggests that since joining the WORTH programme, the independence of the participants have grown significantly. Indeed, independence was one of the most often used terms in all three interview groups, with the majority of the twenty-four interviewees mentioning it at some point during the interview. For instance, in Group One, while talking about the ways WORTH has benefitted their lives, one woman replied that through her loans and income-generating activity she, "*was now...independent in her family, because she was not...borrowing money or necessities from family members. She was now reliable on her own...she was self-reliant*" (G1: 03.03-03.13). Similarly, women in Group Two and Three reported that they no longer had to borrow money from people, or indeed, as one woman said "beg," suggesting that this is common occurrence for these women (G1: 9.20-9.30; G1: 09.50-10.07; G2: 6.17-7.22; G3:11.43-12.39).

Furthermore, this independence also related to being independent from their husbands. Speaking over each other, the women from Group One said that before WORTH they were "waiting for [their] husbands to provide," while a woman in Group Two reported that they did not have to ask their husband for money anymore, whether it was to buy food, a dress for themselves, or furniture for their house, now they were able to provide for themselves, they were able to bring an income home as well (G1: 9.50-10.07; G2:21.07-21.14).

In section 6.1.1 it was shown that even though women brought home credit, results from studies suggested that the majority did not actually have full or even partial control over the credit, indicating that they were still under the influence of 'power over' from their husbands, but also the patriarchal system they lived under. This does not seem to be the case for the WORTH women. Although no poll was taken questioning their degree of control over their credit, their answers indicate that they decide what to use their loans and shares on. The women said that they invested their loans and shares in their businesses, some of which had been struggling before they joined the programme, others reported buying cows, goats, or chickens and rearing them, selling the produce. Finally, others invested it in clothes or vegetables production (G1: 09.20-15.55; G2: 13.05-14.58; G3: 03.15-05.05).

Not only did the women chose what to invest in to generate further income, they also indicated having control over the income generated from their various activities, along with having control over their shares received from the groups every cycle. Here, the income was most commonly used on feeding their family, buying clothes for their children and themselves, attaining furniture, and mentioned most of all, paying for their children or grandchildren's school fees (G1: 15.19-17.33; G2: 03.52-14.58; G3: 03.15-05.05, 29.43-23.12). Moreover, the women do not only consider themselves independent from their husbands, but also tell that their husband supports them in their activities. One woman said that her husband supports her "because when [he] comes home [he] finds [I have] bought a cow, a goat. And he has not contributed the money" (G1: 14.45-15.55). Another woman said that though her husband had not supported her initially, this changed "when he found that...she purchased clothes for her children [and]...now he is proud of it" (G1: 15.19-15.35). Similar stories were told by the other interviewees.

While the above findings show that WORTH can be seen as supporting women in their independence, both from debt and from relying on their husbands, thereby giving showing positive outcomes for the women, one can question whether this independence also can be seen as empowering for the women. Considering Rowlands concepts of 'power over' and 'power to,' these indicates a positive effect of WORTH. While it is not known to what extent women were kept out of decision-making processes within the household before their participation in WORTH, their answers indicate that they were held back from making certain choices affecting their livelihood due to a lack of income; having to wait for their husbands to provide for them in order to invest in things they found valuable, whether it be their children's education, their clothes, or their businesses. In this way, it could be argued that WORTH gives women the power to take action concerning their everyday life. In this way it could be argued that the women had increased their capacity to "control resources, to determine agenda's and make decisions" (Kabeer 1999: 229).

Furthermore, in terms of resources, Kabeer states that while this can refer to economic resources, it also refers to the circumstances under which choices were made, such as for instance the "norms which govern" a patriarchal society. As seen in section 5.3.2, women in Kenya suffer from "unequal access to opportunities and assets," and are often hindered from joining more formal banking systems in order to obtain a loan, thereby also hindering their possibilities of building a business (Ellis et. al. 2007: xvi-xxii). In this way, women lacked resources and agency, being subjugated to what Rowlands refers to as 'power over' by a largely patriarchal society.

With the credit from WORTH, however, it can be seen that women were able to invest in their business and families. From the results, it can be seen that the women have the opportunity to execute choice, also concerning what their credit is used for, as it does not seem to be controlled by their husbands or other relatives. Thereby a "process of change" can be seen, as their ability to make choices before joining WORTH was limited due to a lack of income, partly based on their exclusion from formal financial systems (Kabeer 1999: 437).

According to Kabeer, the choices that we make are split into two categories: first and second-order choices, the former referring to "strategic life choices." Kabeer argues that the ability to make strategic life choices, is crucial to allow people to lead the lives that they want to lead, furthermore pointing out that to be able to pursue these life-choices and set goals for ones life, a person must possess agency. Kabeer views the process to be connected to the ability to make strategic life choices. While many of the choices made by the women related to second-order choices, such as purchasing furniture or clothes, strategic life choices can also be seen. For instance, the evidence showed that without asking permission some women bought cows or goats, or invested their credit in the children's education or their own business. All of these could be argued to be strategic life choices, as these all support women in their ability to lead a life they find valuable, whether this value is found through their "method of" their livelihood, or seeing the future generation be better equipped for their future.

Similarly, it shows that through having control over their incomes, women themselves decided on what the income would be spent on, indicating that through the WORTH model, economic strength, does seem to promote power and decision-making ability.However, here one has to take into account that, unlike the studies used in section 6.1, WORTH is built with an integrated approach, focusing not only on providing finances, but also on developing the participants capabilities and agency, which could be the reason for the positive results found concerning their empowerment, as compared with those found in studies used in section 6.1.

However, though the results above generally indicate a higher level of empowerment after joining WORTH, one could question whether the activities that women involved themselves in actually break with the patriarchal system. Seen in section 6.1.1, when women did control their credit, they typically employed it in traditionally female activities, often due to their exclusion from more male-centered markets, where a higher profit may have been made. The same can be said for the activities that the women from WORTH invested in, which often involved cloth-making, beadwork, or rearing farm animals and selling their products. This suggests that women here also are excluded from more profitable, or male-centered, markets. Suggesting that here, as well, a wider structural change is needed in order to put women on equal footing with men, and through that increasing their empowerment possibilities. With this being said, compared to results found from the minimalist approach, this case-study have a lot more indicators of, possibilities if not 'complete,' empowerment, as it can be seen that women did gain independence from their husbands, and were able to make decisions concerning their livelihoods, and that of their families, to an extent that had not been possible before they joined WORTH.

6.2.2 Improving the Standard of Living

The above section showed that one of the main results found in the case-study was that the women experience an increase sense of independence. In connection with this, another major theme that was drawn out relates to the women's standard of living and how, and if, it has changed. This sub-section will focus on this area, examining their ability to help their children and their overall standard of living.

In the section above it was indicated that the women used their independence to further their children's education, and certainly, and perhaps not surprisingly, it seems that helping their children achieve a better life and better future is an important aspect of the women's participation in the programme. In Kenya, primary schooling is free, meaning that from the age of six to thirteen children have the opportunity to join school (this of course depends on various factors, such as whether their labour is considered more essential at home). Secondary and all following levels of education are self-funded. The school fees often serve as quite an obstacle to families, as the fees are quite high for a person of limited means, especially if there are multiple children in the household.[11] Children aged thirteen and over are therefore not able to receive further education if the money for their school fees cannot be found.

Considering the importance of education, it is not surprising that the women (many of whom have low literacy levels themselves) set great value to being being able to educate their children. When questioned on the impact, if any, which WORTH has had on their lives, the women did not first talk of investing money in their business to improve their own lives, but first and foremost talked in terms of improvement in their children's lives. A single mother of three children replied that "all [of them were] in secondary school," a fact she was very "happy" about (G3: 29.4-30.23). Similarly, another woman stated that she had been able to send her children back to school because she could now pay the fees, indicating that before WORTH they had not been enrolled, and a third woman said all her three children were now in school as well, and that the last had just gone off to university (G2: 17.35-19.11; G2: 23.33-24.44). For the women, one of the main benefits of the programme they talked of, were seeing their children happy, and this was what they mainly invested their earnings in.

Further increases in their overall standard of living since joining WORTH were also indicated by all of the twenty-four women interviewed. In Group One, the women said that their lives were "easy" now, because they "have somewhere where they get money to continue" their lives (G1:13.47-14.00). Another said that "poverty [had] gone away" in her household (G1: 02.40-02.45). Many women stated that before they had not had funds for proper furniture or clothes, one of them stating that she had been able to purchase mattresses for her children, as they had none before, and another that her children had proper clothing now (G2: 21.22-22.27; G2: 14.43-14.58; G1: 15.19-15.35). Through WORTH the women also stated that they were able to "put food on [the] table," allowing both them and their families to "eat well" (G3: 29.43-30.23). Another woman spoke with pride saying that she was now "able to eat meat...if she wishe[d]," and almost more importantly it seemed added that she was able to provide visitors with meat when they came (G2: 22.34-23.13). This sense of pride can also be seen in the following statement, where an interviewee said that now "I can do whatever I am able to do...so...WORTH it has built me, it has built my family...I am very much happy" (G3: 30.29-32.12).

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[11] See Field Diary Notes, 30.07.13.

The factor of supporting and benefiting their family was reported by most women, one stating there was "peace in the house now" as her husband and her no longer "quarrel over money," and another stating that "WORTH has brought joy in the house" (G2: 15.01-17.22; G2:17.36-19.11). They reported no longer having to worry about money, or their business as they had received a boost through the programme, and been taught skills in how to handle and save money, along with training in various income generating activities, and said that "without WORTH their lives would be very difficult" (G3: 23.17-24.25; G3: 10.28-11.40; G2: 23.33-24.44; G1: 26.11-27.23). Overall, therefore, the results from the WORTH programme in Kakamega, suggest an increase in the standard of living for the participants and their families.

With the exception of the choices made concerning their children's education, which as seen in the sub-section above, can be considered strategic life choices, the other choices made concerning the standard of living in this sub-section, would probably be classified as second-order choices. And though these choices are less directly consequential to empowerment, Kabeer states that the type of second-hand choices which are available depends on one's opportunity for strategic life choices. From the evidence given, it seems that choices made by the women which affected their standard of living had not been possible before WORTH, due to a lack of independent income and exclusion from formal services, supporting the notion that women's resources and agency has changed since joining WORTH, empowering them to make choices which will enable them to lead the lives they value (Kabeer 1999: 437).

Amartya Sen's defines "successful" development as expanding "what people are able to do and be," viewing empowerment in terms of the freedoms and capabilities that people have (Sen 1999: 3). In this way, Sen also focuses on the ability to make choices, however, he does not rank them in terms of first and second order choices, but rather, concerning whether these choices help people enjoy a life "worthy of their human dignity" (Nussbaum 2011: 1; Sen 1999: 3). To make choices of this nature, sources of "unfreedom" have to be removed, viewing freedom, like Kabeer, in terms of the opportunities that people actually have. In terms of Sen's terminology, WORTH can be seen to remove sources of "unfreedom" for the female participants; "unfreedom" in this case mainly being poverty and a lack of "economic opportunity," allowing them to live what could be considered a worthy life, at least according to their own statements through the interviews. The fact that women reported having joy in their households now, not having to worry, and being able provide their families with essential things, such as proper nutrition, and the sense of pride which was expressed at this, indicates that their lives had become more "worthy of human dignity."

Furthermore, WORTH improves women's capabilities, as it not only focuses on financial services, but also provides skills workshops, literacy training, and the opportunity to build networks, which in turn will enhance the women's functionings (Sen's term for the activities that people value). However, though the lives of the women, and the opportunities available to them do seem to have enhanced through WORTH, there are still a lot of challenges facing them. They still do not have access to the same opportunities that men do, for instance, and though their overall poverty has increased, it is doubtful that they could be considered to be above the international poverty line, even with their participation in WORTH. For this to happen, more wide reaching structural changes have to occur in Kenyan society, which is far beyond the reach of micro-finance projects to provide. In this way, the "real" opportunities to women are still limited, even if they have increased through their participation in micro-finance. Nonetheless, a significant change can be seen, indicating an increase of empowerment; and even though there is plenty of room for improvement, this is beyond the reach of micro-finance alone.

6.2.3 Participation - Creating Community Support and Ownership

In section 6.1.2 it was shown that women participating in various minimalist based MFIs often were exposed to pressure from both fellow group members and from the staff, to ensure repayments, also finding that methods applied in these MFIs were often quite rigid and inflexible, even when they were group-based, which supposedly or originally at least, was applied in order to build support amongst its members. At the same time, the results from the WORTH programme as shown above demonstrates quite different results in regards to the impact of micro-finance on the lives of the women, and although it may not be wholly empowering (at least in terms of the theories applied here) as a more widespread systematic change is needed for that, a positive change in terms of empowerment is evident. This suggests that the philosophy behind and the methods applied in the provision of micro-finance have an effect on the impact upon its participants. Therefore, the thesis will briefly turn to the methods and philosophy employed by WORTH, suggesting that these help create a sense of community support and ownership amongst the women.

Jeffrey Ashe writes that when he first heard about WORTH, then known as WEP, all his assumptions about micro-finance - acquired over more than twenty years of research - were challenged. One of the reasons for this was the fundamental difference of goals between WORTH and other more traditional MFIs, writing that WORTH's goal was not "to create a permanent sustainable financial institution like other...MFIs." Instead, its objective "was to serve" as what he described as "a time limited catalyst of group development" with the aim of "helping thousands of groups evolve into well managed, member-controlled savings and lending institutions" integrating "literacy training" as a central component within the development of the groups (Ashe & Parrot 2001: 6).

WORTH does not seek to create new groups, instead the model sets out to co-operate with existing NGOs to implement their programme on already established groups. In this way, the members already know each other, and this is seen as a solid base to build further on. Though the initial implementers, the Field Officers (FOs) are paid workers from outside the community, employed to facilitate the start of the project, following groups will be set up and managed by members from the project who have been chosen and trained to implement the models on other groups; these secondary implementers are known as Village Agents (VAs).[12] In this way, it is the members themselves, and not staff from outside the community or even culture, that implement the project.

Furthermore, the groups themselves are managed by its members, with only occasional support when needed from training officers. Ultimately, the groups should be able to run independently, with "little or no ongoing support" (Ashe & Parrot 2001: 11). Doing it in this manner, has been found to minimise the long-term need for "external technical support," and also means that even after the project has ended, groups can carry on by themselves. The training and creation period for a group is estimated at nine months.[13] Furthermore, before the groups are started, meetings are held for potential members to be made aware of what the programme is, what will be expected of them, and what they can expect from it, to ensure transparency, "reliability and integrity."[14] Essential to the programme is ownership, and the FO training guide writes that the savings and loans groups are "community-managed" and that they "belong to their members," the funds used

[12] See Appendix, p. 91

[13] See Appendix, p. 93

[14] See Appendix, p. 95-99

to give loans come from the members themselves, and the profits made similarly go to them.[15]

Once a group has been created (with a minimum of ten members and a maximum of twenty-five) a constitution will be made and signed by all members. Here certain rules are fixed by the WORTH model, while others are decided by the members themselves. One of the set rules is how the seating of members is organised in the meetings. While this may seem an odd rule, the formation of a square during the meeting, ensures transparency as all members will be able to "see clearly what is happening" and it "ensures all members transact in order."[16]

Another set rule refers to the election of group leaders, where elections will be held for the five leadership positions per cycle, with equal vote by all members.[17] Other rules they decide upon themselves, such as, how much shares will cost, though VAs will ensure that it will not be too low or too high. Concerning lending rules, these are made up of a mixture of set and flexible rules. For instance, a set rule is that while members "can save every week they can only borrow once every four weeks." This is done to keep "most meetings short" and keep "record-keeping simple," furthermore, it allows the "loan fund to build, so that members can borrow useful amounts."[18] At the group meetings, the loan fund and the social fun (an extra fund which can be used as a grant in times of emergency for members) are counted in front of all the members at the beginning of the meeting, and once more after members have bought their shares, keeping track of the money and ensuring a high level of transparency concerning the workings of the group.[19]

In the WORTH model then indicates that management comes from the "bottom-up" rather than "top-down," with the participants largely in control of the development activity (Chambers 1994: 1). In section 3.3, Robert Chambers argues that participation can be viewed in terms of empowerment, because ideally it should involve a process of change in the relationship between "uppers" and "lowers," where power transfers from the former to the latter; in essence, he writes that power must be given "to those who are local and poor" (Chambers 1994: 1-4). From the above evidence, this is what the WORTH model

[15] See Appendix, p. 100

[16] See Appendix, p. 102-105

[17] See Appendix, p. 102-105

[18] See Appendix, p. 102-105.

[19] See Field Diary, 09.08.13.

aims at, and from personal observations, seems to accomplish. Here, the participants control the project from the beginning. However, that does not mean that previous “uppers” do not have a role to play, as Chambers argue that they must shift from being planners into being the facilitators. Their role is to help the previous lowers become effective participators, and bring “the poorer” together to equip them to take action themselves and “conduct their own appraisal” (Chambers 1994: 7). By employing FOs and VAs to train and provide initial support to the groups, WORTH can be considered to transfer power of the project to the members through their participation. Considering Arnstein’s ladder of participation, the observations made from WORTH’s methods suggests that in the hierarchy of participation, it is placed on the top ladder, with citizen power, where a partnership exists between the participants and the facilitators. This according to Arnstein indicates “full participation.”

The effects of this for the participants in the groups from Kakamega, apart from the increased independence and standard of living, which they report having gotten through the programme, is that a sense of community has been created amongst the women. In the groups, the women talked about how they could meet together and discuss their problems, and assist and support each other. Furthermore, because of the friendships being built between them, they have also begun doing business with each other, purchasing each others material or products from their income-generating activities (G1: 22.10-22.22; G2: 01.41-01.53; G3: 25.00-26.05).

Comparing this sense of community support to the pressure and intimidation shown in the section above, this could suggest that the philosophy and approach to the provision of micro-finance, has a significant effect on the outcome. Cornwall writes that most institutions and organisations are not fully participatory, mainly being placed on the middle rung of Arnstein’s ladder, indicating tokenism. While they may claim to “promote participation,” activities often do not extend beyond consultation of the members (Cornwall 2008: 270-271). In best practice micro-finance, control tends to stay with the MFI, who sets the interest rates, determines the rules, and generally run the groups using employed staff. Roodman, supports this view of a lack of participation, and even just a lack transparency, within the micro-finance field. Stating that many MFIs are not transparent, sometimes giving clients “misleading information,” often resulting in the client losing “control over her financial circumstances” (Roodman 2012: 187).

Furthermore, separate studies carried out by Rahmen (1999), and Goetz and Gupta (1996), found that rather than being participatory, market-based MFIs, often apply a “patriarchal” system, targeting women as clients because they are more “vulnerable to pressure to repay” than men, being easier to “intimidate into repayment” (Rahmen 1999: 69; Brigg 2006: 80; Goetz & Gupta 1996: 55). From her fieldwork Rahmen found that both borrowers and bankers from the Grameen Bank admitted that “women are accepted into the programme because of their positional vulnerability;” this vulnerability refers to women’s status as “shy, passive and submissive” (Rahmen 1999: 69). In this way the model is patriarchal as these institutions “rests on their power to exist patriarchal control over women,” which can be seen as a “new form of domination” (Roy 2010: 108; Rahmen 1999: 67). This approach, does not provide citizen power to its participation, indeed, it could almost be viewed as ranking in the bottom step of Arnstein’s ladder of non-participation.

Considering the findings from WORTH, it could be argued that in terms of participation, and the methods used, micro-finance is an empowering process for its participants, as managerial power of their development is transferred to them, working together with facilitators, instead of being viewed as clients of a development service. Furthermore, according to Sen, involving people in the development activities is a vital step towards empowerment. Arguing that “people have to be seen...as being actively involved - given the opportunity - in shaping their own destiny” instead of being “passive recipients of the fruits of cunning development programs” (Sen 1999: 53; Alkire & Deneulin 2009: 27).

In this way, Sen considers women’s agency as not only concerning their ability to increase their well-being (which results in section 6.2.1 and 6.2.2, indicated the women had through their participation), but it also involves women being used as “active agents of change” in their own development process (Sen 1999: 189-190). In the WORTH model it can be seen that women are active in the running and management of their groups, being largely responsible for its continued running and success once the initial training process is over, in this way therefore, the method of delivering micro-finance through WORTH indicates that women are active agents in their own development, showing further signs and possibilities for empowerment through their participation. In comparison, the evidence found through studies from ‘best practice’ MFIs suggests the that women participating in those lack agency in the development process, being “passive recipients” rather than “active agents of change” (Sen 1999: 189-190).

6.3 A Matter of Perspective - Summing up the Empowerment Possibilities of Micro-finance

This chapter has examined the extent to which micro-finance can be seen to induce empowerment, analysing evidence found through secondary sources and primary evidence collected through fieldwork, looking at the two different approaches to providing financial services. The first section examined the provision of micro-finance using a minimalist approach, the results of which did not indicate an overall improvement to the level of empowerment for the women involved. For instance, it was seen that women lacked control over their credit and were subject to intimidation and pressure concerning repayments, still being subjected to ‘power over’ from their husbands, but also from the MFI staff and fellow group members.

The second section showed more positive results in terms of outcomes from participation in the micro-finance programme. Showing that women had gained independence, and experienced an increase standard of living. The results found here gave positive indications of empowerment, with an increased ability to to exercise choice by providing women with more opportunities than were previously opened to them. However, it also suggested that for greater empowerment to be reached, wider changes are needed than the provision of micro-finance.

In this way it can be argued that the extent to which micro-finance can induce empowerment of women, depends partly on the type of approach used in the provision of services. However, integrated approaches are not commonly investigated in the micro-finance field concerning empowerment. Swain & Wallentin (2009) serve as one of the few studies on this topic, and their results, much like the results of this study, indicate the integrated approaches to empowerment have greater possibilities of empowerment for women. While the case-study used for this thesis also shows positive evidence of empowerment through its integrated approach to micro-finance, due to the limited amount of studies further investigation on this is needed before a more ‘definitive’ conclusion can be made on the topic.

Chapter 7: Discussion

While the primary object for my research trip to Kenya was to visit micro-finance programmes, I also had the opportunity to visit other development projects working with women. Through my experiences talking with and observing the women participating in the projects, along with conversations with various development workers, I started to question the various criteria's often used to evaluate the impact or outcomes of development projects in the field today, this chapter will take a closer look a criteria.

7.1 Just a Buzzword?

In the mid-1990, a new consensus evolved in the development world, with positions merging together in new development objectives; objectives which were framed in such a way that "barely any development actor could take serious issue with" them. This consensus was, according to Cornwall and Brock, "captured in a seductive mix of buzzwords." Prominent amongst these were terms which this thesis has revolved around, such as 'empowerment,' 'participation' and 'poverty reduction,' which are generally seen as "warmly persuasive" and wholly positive, promising "a different way of doing business" (Cornwall & Brock 2005: 1). Although the terms have not completely "permeated the terrain of development policy," their considerable appearance in the policy discourse do, according to Cornwall and Brock, suggest "a considerable shift in approach" (Cornwall & Brock 2005: 1).

Cornwall and Brock question what differences this appearance actually has made, whether it has made a difference in the policies that mainstream development pursues, or if the terms merely are being used to cover up doing "business as usual" (Cornwall & Brock 2005: 1). This discussion will ask a different question concerning these buzzwords, in particular empowerment, which has been the focal point of this thesis, questioning what implications 'measuring' success according to such criteria have upon our understanding of the 'success' of a project. While this question probably could lead to a long discussion on the different buzzwords of development, this discussion will only be brief, adding opportunity for it to be carried on in further research. Yet, because this thesis has dealt with one of these so-called buzzwords, and indeed, examined the 'successes' of programmes out from it, this discussion serves as a valid finishing thought, putting a new perspective on the topic.

From conversations with women in the field, and research carried out through secondary sources for this project, one of the main thoughts that came to mind was that, much like beauty, empowerment seems to in the eye of the beholder. As seen in section 3.2, Majoor & Manders (2009:21) and Kabeer (1999:436), highlights that empowerment is a "contested" concept, with a number of definitions and opinions as to its purpose. Considering this, is it then a good idea to measure "success" out from such a term? The philosopher Nelson Goodman, contends that "how we interpret the world depends on the frame of reference we use." However, he points out that these frames "may be so utterly different that a statement that is true for one way of worldmaking may make no sense for another" (Cornwall & Brock 2005: 1).

More than any other buzzword, Cornwall and Brock (2005:3) argue that empowerment has the "most expansive semantic range." Due to the many different ways of viewing empowerment, and framing them according to one's needs, it makes it difficult to make any 'definitive' conclusions on the ability of enterprises, or projects, especially if large in scale, such as micro-finance to deliver the objectives behind these buzzwords. For example, twi different studies of the same micro-finance project could come to completely different conclusions as to the empowerment effects of it, depending on the way the term is framed in their study.

This probably accounts for some of the lack of consensus as to the empowering effects of micro-finance. Even if the project examined was from the same end of the micro-finance spectrum, two different conclusions could be reached. For example, Majoor and Manders' (2009) study on empowerment through micro-finance had a largely positive conclusion on its effect on women. This project did not specifically define empowerment, asking instead the women involved what they considered empowering, and from there concluded that participation in micro-finance had resulted in empowerment. Yet, if one had applied Kabeer or Rowlands definition of empowerment to this project, it is unlikely that the results would have been as positive concerning the programmes' empowerment effects. Therefore, it could be argued that one of the implications of using such a broad, and not properly defined term, such as empowerment, in relation to the 'success' of projects could mean that a consensus will be difficult to reach, concerning the debated connection.

7.2 Colonial Feminism?

Despite having shown above that the term empowerment is used in various ways, using a number of different frames to define it, a common feature concerning the framing of empowerment in development policy and by researchers and practitioners can be found - namely in the way that women and gender inequality are framed in connection with this term. Signe Arnfred (2011: 50-51) shows "gender inequality is" depicted as "*the* major challenge" facing the developing world, often suggesting that men are the reason for the marginalisation of women, in Arnfred's opinion painting a picture of "backward cultures and stupid men, who keep women down," defining oppression in terms of a "male/female [hierarchy] of power." Within this frame, women are seen as "active, enterprising women" who just need to be given the chance to unfold their full potential, yet, at the same time being depicted as "oppressed and suffering" in "need of salvation," often referring to empowerment as the solution (Arnfred 2011: 51-52). This latter frame of oppression and suffering especially received attention following 9/11, and the war on terror, where the development of women became seen as an effective strategy in reducing terrorism. Lila Abu-Lughod, a Palestinian-American feminist scholar, views these frames as a resurgence of "a type of 'colonial feminism,'" where non-Western women are to be saved from oppression (Arnfred 2011: 52-53).

The problem with viewing empowerment and women in this way, Abu-Lughod argues, is that this only serves to "reinforce a sense of superiority by Westerners," depicting their way of life and opinions as the 'right' way, not taking other culture's into account. Instead, a "fixed global language" is applied (Arnfred 2011: 53). Concerning empowerment, though the discourse here is often varied, as seen, there are various aspects that generally tend to appear in all examinations of it, such as for instance "equal rights, decision-making and self-esteem" (Majoor & Manders 2009: 21-22). These are all viewed from a 'Western' perspective though. Yet, how can we be sure that 'non-Western' women share these perspectives on empowerment? As Abu-Lughod argues, the different aspects of empowerment may represent "goals for Western women," but that "women elsewhere might possibly have other desires" (Arnfred 2011: 53).

Abu-Lughod tells of how after having done more than twenty years of fieldwork in Egypt, she has yet to meet a woman, whether poor and uneducated or otherwise, who has expressed any envy of western women or that they find their lifestyle and terms of empowerment desirable (Arnfred 2011: 53). This observation was confirmed by my own observations, when visiting (non-microfinance) income-generating projects for women while in Kenya. While talking to them, I discovered that though these women told of their duties at home, for example cooking and taking care of their children, even though they themselves were now bringing in an income as well. Furthermore, they told me that the decision-making processes in their household had not been affected greatly. When questioned about this and whether they found this fair and reasonable, they confirmed they were happy with this arrangement. They found it both enjoyable and right. Taking these two cases into consideration then, it has to be asked whether it is right to impose a western worldview and understanding of empowerment as way of measuring success of the projects these women are involved in. Indeed, Janet Townsend, argues that one must question "who sets the agenda" when it comes to using such terms; whether it is based on the facilitators' view, or on the participants (Townsend 1993: 183-184). Therefore, even if we settle on a 'best practice' definition of the term empowerment, who is to say that this definition will fit with the way participants view the term, or if it corresponds to what they see as valuable within their lives?

If empowerment is understood as freeing people, and in this instance especially women, to have the power to choose, whether in strategic life choices or matters less decisive, does that not include the power to choose differently than what one from a western worldview would find desirable or acceptable? In this way then, another implication could be that 'success' is measured in narrow terms, in danger of not being considered in terms of participants own view of success.

Chapter 8: Conclusion

To conclude, this thesis set out to examine the effect micro-finance has upon the empowerment of women. Since the early 1980s, micro-finance has been hailed by both development practitioners and policy-makers, as an effective strategy towards poverty alleviation, by providing people with access to credit, which they had previously been denied by formal finance institutions. Micro-finance, it is seen, has since its creation come to center around providing women with credit, arguing that it helps enhance women's access to and control over resources. With its focus on women, micro-finance is seen to no longer focus purely on poverty alleviation, but also to a large extent on the empowerment of women. By advocates of the enterprise, it is claimed that putting money into the hands of women, is an effective tool for empowerment.

These claims, concerning micro-finance poverty alleviating and empowerment effects have come under a lot of criticism in recent years, with much of it claiming that rather than inducing empowerment, the practices involved in the provision of financial services to poor women often impedes empowerment. Furthermore, critiques point out that very few studies, if any at all, have been able to systematically connect the micro-finance with empowerment. Furthermore, it can be seen that the concept of empowerment is very broad, with many different opinions as to what it entails.

This thesis therefore sought to add to the current debate on micro-finance, using a theories of empowerment as postulated by Naila Kabeer and Jo Rowlands, also adding the views on empowerment seen through Amartya Sen's capability approach, in order to investigate the extent to which micro-finance could be said to induce empowerment of women. To do this, the two main approaches to the delivery of micro-finance were investigated. Using mainly secondary research on MFIs applying a market-based approach, which can be seen to be the dominant and 'best practice' approach within the field, question marks were posed on the empowerment effects of micro-finance. Here, it can be seen that women lacked control over their credit and were subject to intimidation and pressure concerning repayments, still being subjected to 'power over' from their husbands, but also from the MFI staff and fellow group members.

In comparison, using original fieldwork carried out in Kenya examining the WORTH model of micro-finance, it was seen that an integrated approach resulted in more positive outcomes for the participants, giving positive indications of empowerment. This highly participatory method of the WORTH model can be argued to help induce empowerment, as it allows women to act as agents of change concerning their own development, while the overall method of finance delivery of WORTH, also gave demonstrated possibilities for empowerment. However, it was found that more research was needed on this topic before 'definitive' conclusions could be made concerning the connection between empowerment and micro-finance. In this way, it can therefore be concluded that micro-finance only to a certain extent induces empowerment, depending to a large extent on the approach used in its delivery, but also dependent upon more widespread structural changes within the societies in which micro-finance operates.

Furthermore, the thesis posed questions concerning the practice of applying terms such as empowerment when measuring the success of projects. Arguing that by using such a broad term, with a lack of clear definition, a possible implication could be that a consensus on the empowerment effect of micro-finance could never be 'measured' successfully. However, if can also be argued, that even if a 'best practice' definition is found, there are dangers of imposing a form of 'colonial feminism' upon non-western women, measuring success out from a western perspective, without necessarily considering whether this corresponds to the views of the participants.

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Appendix

Village Savings and Loan Associations (VSLAs): Field Officer Training Guide[20]

Version 1.04
April 22, 2011

Table of contents

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[20] The field officer guide is only presented up to page 23 in this appendix, as the original document is too large to include here. Therefore, only the sections referred to in the thesis is presented.

Preface

The purpose of this manual

This manual is part of a 2-part series: the first to be used by Field Officers (FOs) and the second by Village Agents (VAs).

- FOs are paid employees of a Facilitating Agency (FA) or its partner organisations, who create and train Village Savings and Loan Associations (VSLAs)
- VAs are community-based trainers *who are not paid employees of the project*

We have developed the manuals in order to provide straightforward guidance to FOs and VAs on how to train VSLAs, reduced to the essentials. We have deliberately avoided suggesting a step-by-step training system, since implementing organisations may have their own pedagogical approach. Rather, we have specified what needs to be achieved and have focused more on group-level outputs and procedures.

The use of Village Agents

It is becoming clear that one of the best ways to expand outreach at lower cost is to train VAs, who live in target communities. VAs train VSLAs, for a fee - paid by the VSLAs, thus eliminating the need for long-term external technical support. The main advantage of this approach is that new VSLAs continue to be created (and supported) even after a project has ended.

We know that this works.

- In 2002 in Zanzibar, CARE left behind 43 VSLAs and a team of independent VAs. Five years later these 43 VSLAs had increased to over 250, without additional donor investment.
- For more than 10 years, all of CARE Niger's new VSLAs in its MMD project have been trained by fee-for-service VAs.

Variations of the VA model are now used by all of the major development agencies that promote community-managed microfinance.

Revisions to the methodology

Experience has taught us that we can train VSLAs in as little as 9 months (down from 12 months), after which they become independent and sustainable. This requires a minimum of 15 visits during that period: starting out with frequent visits which are steadily reduced over the entire cycle. This contributes to increased productivity of Field Officers and Village Agents.

As well as providing detailed guidance for the training of a VSLA, this manual is a guide for the Field Officer that describes how to identify, train and supervise VAs. We hope that FOs will find it useful and would appreciate any comments that would help us to improve it.

Hugh Allen

March 30th 2010

List of acronyms

CARE...Cooperative for Assistance and Relief Everywhere
FA ....Facilitating Agency. Trains and finances Implementing Organisations
FO ....Field Officer
MMD..........Mata Masu Dubara (Hausa for ‘Women on the Move’), CARE’s oldest VSL project
MFI..Microfinance Institution
NGO ....Non-Governmental Organisation
TShs ....Tanzania Shillings
VA ....Village Agent
VSL ....Village Savings and Loan
VSLA or ‘Association’..Village Savings and Loan Association

Introduction for the Field Officer

Congratulations on being selected as a Field Officer (FO) to train and support Village Savings and Loan Associations (VSLAs). VSLAs will succeed only through your efforts: you are at the heart of the programme.

The FO is a paid employee who starts by working directly to create VSLAs and, managed by a full-time Supervisor, takes on a training caseload of between 10 and 15 VSLAs. The Field Officer is given this responsibility because the first VSLAs created in a community will set an example and it is important that they should be successful and operate in the correct way. *That is why it is more important to focus much more on the quality of these first VSLAs than it is to create a large number*.

Once the FO succeeds in creating the first VSLAs s/he will watch the members carefully to see if there are people in the group who could also take on the job of training VSLAs. After 6 -9 months the FO will choose a total of between 6-8 people who can do this work (selected from among their 10 - 15 VSLAs) and will train them to become trainers too. These people are called Village Agents (VAs) and the idea is that they should come from the communities they serve and, over time, create between 3 - 6 VSLAs of their own, every year, charging fees for this service, or investing in the VSLAs that they serve. Over subsequent years, the FO will create only a few more VSLAs and will spend most of his/her time as a supervisor of VAs.

After a year of supervision, the FO and the FO's Supervisor will formally examine each VA and, if they pass the examination, the VA will become a certified, independent provider of VSLA training services, making a steady income. At this point the FO will move to another area and start the process again.

Thus, the FO is not just training VSLAs, but setting up a self-financing system of sustainable service delivery that will allow new VSLAs to be continually created. As such, your role needs you to be skilled as a trainer, a good planner and manager and always concerned about high quality. It is very important that you focus on discipline and procedure as you train and advise VSLAs and as you supervise VAs. This is what makes VSLAs successful. You should follow the procedures carefully, and teach your VSLAs to do the same.

The results of your efforts will be permanent and you will find the work satisfying. Good luck.

1 What are VSLAs?

A Village Savings and Loan Association (VSLA) is a group of 10 - 25 people who save together and take small loans from those savings. The activities of the VSLA run in 'cycles' of about one year, after which the accumulated savings and profits are shared out among the members according to the amount they have saved.

VSLAs are member-managed. Programme staff (FOs) and Village Agents (VAs) will train members, but never manage the VSLA, write in the passbooks or touch money belonging to the members.

VSLAs are trained by Field Officers (salaried programme staff) or Village Agents (who receive fees from the VSLAs for the training). Village Agents are members of VSLAs who are identified as having the skills to train other VSLAs. The role of a VA is to:

- train new VSLAs
- assist VSLAs they have trained when they would like assistance between cycles (share-outs, membership changes, modifying the constitution, elections)
- provide refresher training
- assist in resolving conflicts

The first cycle of VSLA is a training and supervision cycle lasting at least 36 weeks. During the first cycle, the Groups will meet weekly. This may change, as the group sees fit, thereafter.

Members save through the purchase of between 1 – 5 shares every meeting. The share-value is decided by the VSLA at the start of each cycle. At each meeting all members have the right to buy between 1-5 shares. The share value cannot change during the cycle.

Members can choose to have a *Social Fund,* to use for small grants when members are in distress. This is mandatory in the first cycle, but optional in future cycles.

The Loan Fund is comprised of money contributed in the form of shares and loan profits (from service charges).

All members have the right to borrow up to a maximum of 3 times the value of their shares

The monthly service charge for loans is determined by the members at the beginning of the cycle, in the form of a percentage value. It cannot be changed during the cycle.

Loans are taken and repaid once every 4 weeks. All loans should be repaid within a maximum of 12 weeks during the first cycle. The borrower is free to pay in whatever amounts s/he wishes at each loan meeting, but must repay the total sum owing within the agreed-upon period.

All VSLA transactions are performed at meetings in front of all the members. To ensure that transactions do not take place outside VSLA meetings, cash and passbooks are locked in a cash-box secured with three padlocks. The three keys are held by three members, none of whom is a member of the Management Committee.

Theft of boxes by outsiders is very rare, but members must take responsibility for security.

All members have an individual passbook. Share purchases are recorded in the first half of the passbook using a rubber stamp. Loans are recorded in the back of the passbook. Loan Fund and Social Fund balances are noted by the Record-keeper in a notebook and memorised by all members at each meeting.

Passbooks remain locked in the box between meetings. This is very important, to prevent tampering with the records of shares purchased by the members, or alteration of loan records.

The Group has a five-person Management Committee elected for one cycle. Groups develop a Constitution that contains the Social Fund, Share-purchase and Loan policies of the Group. Each member has one vote in electing the Management Committee and developing the constitution.

At the end of every annual cycle, all outstanding loans are recovered and the Loan Fund is shared out. The Loan Fund (which includes profits) is divided by the total number of shares purchased by members during the cycle, to calculate the share value. Each member then receives his or her payout according to the number of shares purchased. In this way no complicated calculation of profits is needed.

2 Schedule of operations

VSLAs are trained by Field Officers (FOs) over a period of at least 36 weeks according to the schedule below.

Preparatory phase: This provides general information to prospective VSLA members. They will decide if they want to be trained.

Intensive phase: 12 weeks. It starts off with 4 visits in the first week, and then continues with 6 visits over the next 10 weeks.

Development phase: 12 weeks. 3 visits during loan meetings only.

Maturity phase: 12 weeks. 2 visits; one for light supervision and one to help the VSLA prepare for share out and graduation.

Figure 1: VSLA training and supervision schedule

Note: The red circles indicate the Supervisor's attendance at: the first savings meeting; the two phase changes; and the Action audit/share-out.

Note: The FO may increase the frequency of visits in the Intensive Phase and may also prolong it if additional time is needed to get the VSLA to a position that it can confidently manage share-purchase unaided. The frequency of visits in the Development phase need not be increased, because they all fall on loan disbursement and repayment meetings.

3 Preparatory meetings

The Preparatory Phase has three purposes:

- To obtain permission by local authorities and leaders to work in a particular are and to enlist their support in organising a public meeting to outline how the programme works
- To describe to a public gathering how the programme works and how people may get more information
- To provide a detailed description of how a VSLA works; what people have to do to participate and what the FO promises to do

Table 1 below lays out the order in which these meetings take place and the content

Table 1: Preparatory Meetings

Meeting A: Orientation of local leaders and government officials

A project should inform Government administrators and line ministries at different levels about what it wants to do. Usually this will start at the District (or its equivalent), and continue downwards from there to the targeted local community. This may take more than one meeting.

Most important will be community level administrators and traditional leaders. These are the people who can arrange a public meeting and who can contact influential community leaders.

What is covered in this meeting?

- The Supervisor introduces him/herself, the project and the Implementing Organisation and also introduces the FO
- Project purpose and goals: to build the capacity of community groups to be able to mobilise savings, use these savings to start a loan fund and to create a social fund for relief of members experiencing emergencies
- VSLAs will provide:
  - The opportunity to save and borrow flexibly as they need, and make attractive profits on their savings. Very poor people will find that VSLAs meet most of their needs for savings and credit, because there are no problems of high minimum deposit requirements, hidden charges, complicated procedures, or difficulty in accessing loans.
  - VSLAs can assist members in case of death, disease or natural disaster; local moneylenders may not be willing to provide this service to the poorest.
  - VSLAs help members build self-respect, self-reliance and self-confidence
- History of the project and of similar projects worldwide. There are more than three million poor people successfully managing their VSLAs throughout the world. More than 90% of VSLAs succeed and remain together for several years or more.
- VSLAs are taught to manage their own activities over a cycle of nine months to one year. An FO will attend most of the Group's meetings to train and assist them. After the first cycle, the Group manages its own affairs.
- After a year the FO will select people from the VSLAs they have started to be trained and to carry on this work for a fee. This will create new local jobs and ensure that VSLAs have a person in the community who can help them solve their problems.
- The FO promises the following to the community:
  - Reliability
  - Integrity
  - Establishment of a sustainable service that enjoys community support and has an important economic impact. Women in particular can expect to benefit.
- What the Supervisor needs from Government and Community Leaders:
  - Permission for the FO to work in the area
  - Mobilisation of the community to attend a public meeting, at which the VSL methodology will be explained and community groups invited to participate
- Feedback: the Supervisor should take questions and ask for feedback.

Public meeting arrangements: The FO makes sure that someone is made responsible for arranging a public meeting and a date set is at which the FO can meet with the community. The public meeting should bring together 50 - 100 potential VSLA members as well as local leaders (such as religious leaders and prominent local business people) who can spread the word to other communities. The place and date of the public meeting should be agreed at this point, so that the FO can schedule an appearance.

Meeting B: Introduction of VSL methodology to the community

This should be a large, open gathering which is announced well in advance through the help of local leaders. There will be many questions. The goal of this meeting is to generate interest, so that many potential groups come to meeting C.

What to explain:

- The purpose is to create community-managed savings and loan groups that belong to their members.
- The promotion of VSLAs is not a government programme.
- *<u>All of the funds used to provide loans to the members come from the members' own efforts. The programme does not provide any money to VSLAs for lending to its members.</u>*
- The size of the Group must be not less than 10 members and not more than 25.
- Groups will be sold a metal box that has three locks on it and which contains all of the materials needed to run a VSLA. This box cannot be opened between weekly meetings.
- VSLA members will be taught to save regularly, to take loans from that savings, and to share out the savings and profits each year according to each person's contributions.
- The FO is only there to teach them the system. Members will manage their activities themselves, and the FO will *<u>never</u>*:
  - Handle the Group's money
  - Write in the Group's records
  - Take the cash-box away
  - Ask for a loan
  - Ask for a gift
- Training and supervision takes approximately 9 months. After this, the VSLA is independent and continues to operate without any more help, although the FO will continue to be available for advice and support.
- The FO will carry on this work for about a year in the locality. During that time (s)he will identify a number of local people who nwill be trained to carry on the work. (S)he will be their supervisor to make sure that the quality of the VSLAs remain high.
- The members of the proposed Group choose where and when the meetings are to be held.

The FO then tells the assembly that (s)he will return to the community at an agreed time to see if people are interested and will then make training arrangements. Those who are interested must form groups of between 10 - 25 members before Meeting C. The FO stresses the following before closing the meeting:

- Members must know and trust each other
- Leaders are not elected until after training begins

Meeting C: First meeting with potential and newly formed VSLAs

This meeting is only attended by people who are interested to be in a VSLA, and who have already gathered in groups of 10 - 25 people who know and trust each other.

What to explain:

The FO describes the basic features of a VSLA:

- A VSLA is created so that people can save, borrow and start an insurance fund
- Members are self-selected and the VSLA is managed by its members
- Every Group has a written constitution and clear rules
- Some rules such as the amount of savings, or the service charge on loans are decided by the members
- Some rules, such as the need for annual elections, are already fixed because this has been shown to be important
- Every Group has a Management Committee which is democratically elected and changed every year
- Members must attend all meetings, and buy at least 1 share each meeting
- There are fines for lateness and missing meetings
- A group allows all members to buy between 1-5 shares each week. The price of a share is set by the members
- The money collected from the purchase of shares is used to provide small loans to members, which are repaid over a period of not more than 3 months
- All borrowers have to pay a service charge on their loans, at a percentage rate decided by the members
- There is a Social Fund from which members can receive small grants or interest-free loans for emergencies
- All of the Group's cash is kept in a box with three locks, and the keys are kept by three different members of the Group who are not part of the management committee
- The box can only be opened in meetings, so all transactions are done in front of all of the members
- Record-keeping is based on simple passbooks and memorisation of important information, such as the amount of cash in the box and who owes money to the Social Fund
- Each member has a passbook in which their savings and loans are recorded
- The passbooks are locked in the box between meetings to prevent anyone changing the entries
- The members decide on a period for operation of the VSLA before they share out their profits. This is called a cycle and is never less than 9 months or longer than 12 months
- At the end of each cycle, all loans are repaid, and all savings and profits are distributed to members according to the number of shares they have purchased
- The box and its contents will be supplied by the programme and must be paid for by the Group. This will involve a down-payment of not less than 25%, with the balance being paid before the end of the cycle. If there is a balance at the end of the cycle, the Group must pay the due amount from the loan fund prior to sharing out.
- The training and supervision period is 36 weeks. After this period, the VSLA continues to operate independently without any external support.
- During the training period the VSLA will meet weekly, and the FO will visit 15 times
- Once the VSLA becomes independent, the FO will only attend meetings if requested by the members

The FO explains that there are 7 training modules:

- Members, Leadership and Elections
- Social Fund, Share-purchase and Credit Policies
- Development of Group Constitution
- First Savings Meeting
- First Loan Meeting
- First Loan Repayment
- Action-audit / Share-out and graduation

Members must be aware of the qualities that are needed in a member. So the FO reviews the qualities of a good member, and suggests that anyone who is not able to meet these standards should probably not join. Good members will:

- Know each other and be from a similar economic background
- Not live too far from where the meetings will be held
- Have a reputation for honesty and reliability
- Be able to attend all meetings
- Attend all meetings on time
- Follow all rules
- Have a cooperative personality. Someone who is known to create conflict should probably not join
- Be able to buy at least one share each week
- Be able to repay loans on time
- There is only one member from the same household. It is better if members from the same household join different VSLAs

The FO and the new Groups arrange a time and a place for the first training.

4 Training modules 1 - 7

Table 2: Diagram of training schedule

Module 1: Groups, leadership and elections

Purpose of the meeting

The FO explains that the purpose of the meeting is to give the Group a name and to elect leaders who will be its managers for a period of one year. (S)he explains that elections are held every year and the next elections in one year's time will also be facilitated by the FO.

Individual self-selection

The FO again reviews the qualities of a good member, and suggests that anyone who does not meet these criteria should probably drop out before the next meeting. Good members will:

- Know each other and be from a similar economic background
- Not live too far from where the meetings will be held
- Have a reputation for honesty and reliability
- Be able to attend all meetings
- Attend all meetings on time
- Follow all rules
- Have a cooperative personality. Someone who is known to create conflict should probably not join.
- Be able to buy at least one share each week
- Be able to repay loans on time
- There is only one member from the same household. It is better if members from the same household join different VSLAs.

Elections

- The group chooses a name for the VSLA and the FO gives the Group a number
- The FO explains:
  - All members have the same rights
  - The Management Committee is elected by the members, who can also dismiss it for poor performance
  - The Management Committee serves for one year, after which a new committee is elected
- (S)he then reviews the qualities needed for each position and the work that each person chosen needs to do, using the tables below:

Table 3: Qualities and responsibilities of the Group Chairperson

Qualities	Responsibilities
• Respected • Confident and calm when speaking in front of others • Treats everyone equally • Listens to others and asks for opinions • Organised • Always on time	**• To call the meetings to order, announce the agenda and lead discussions • To ensure that the meetings follow proper procedure and that the Constitution is followed and respected • To maintain discipline and charge fines as needed • To facilitate discussions and to ensure that everyone's views are listened to • To resolve conflicts • To represent the Group to outsiders and non-members, including local government officials.**

Table 4: Qualities and responsibilities of the Group Record-keeper

Qualities	Responsibilities
• Good with numbers • Writes neatly • Has a reputation for trustworthiness • Always on time • Willing to work extra hours to train with the FO if needed	• Ensures that all transactions for the Social Fund, Share-purchase and lending take place according to procedure, and that all rules are followed • Makes all passbook entries for shares and loans • Reads the Social Fund and Loan Fund cash balances out loud at every meeting

Table 5: Qualities and responsibilities of the Group Box-keeper

Qualities	Responsibilities
• Trustworthy • From a household that has a good reputation (no one in that household should be considered unreliable) • Lives in a house with good security • Always on time	• Keeps the Group box safe in between meetings • Ensures that (s)he is accompanied to/from meetings as necessary • Brings the box to the meetings on time

Table 6: Qualities and responsibilities of the Group Money-counters

Qualities	Responsibilities
• Able to count quickly and accurately • Trustworthy • Calm and organised • Always on time	• Counts all amounts paid to, or taken from the VSLA • Informs the Record-keeper of the correct amount to be recorded in the passbook

The FO then organises the election of the officials, starting with the Chairperson. (S)he uses the standard procedures shown in Annex 1.

Module 2: Social Fund, share-purchase and credit policies

Purpose of the meeting

The FO says that the purpose of the meeting is to develop a set of rules concerning how the members of the Group will save by buying shares, how they will take out loans and pay them back, and how they will offer insurance to their members through a Social Fund.

Seating arrangements

The diagram below shows how members are seated in a meeting. This seating arrangement is very important for two reasons:

- It allows all members to see clearly what is happening
- It ensures that all members transact in order

The diagram shows a VSLA with 18 members. The number can be bigger or smaller.

Figure 2: Layout of meeting place: Group with 18 members

The FO starts the meeting by seating the members according to this arrangement.

Social Fund

The FO says that the Group may wish to create a Social Fund to provide grants to members who encounter serious problems (this is an optional service and a Group may decide not to create a Social Fund). Grants are often made to help with:

- Funeral expenses
- Catastrophes, such as fire damage or house damage
- Loss of livestock

The Group then decides what the amount of regular contributions to the Social Fund should be. The FO says that:

- The Social Fund is kept separately from the Loan Fund, in its own bag
- The Social Fund is used for grants, not loans
- The constitution lists the payouts for death of the member and his or her relatives; the Group can decide to make payments for other types of losses if it wishes

Share-purchase rules

The FO says that members save in a VSLA by buying shares. At each meeting, each member has the opportunity to purchase between 1 to 5 shares. (S)he asks what the value of a share should be. (S)he the explains:

- The amount is too big if the poorest member will have trouble regularly saving at least one share
- During a lean season of the year the amount is too small if better off members feel that 5 shares will still be too little

Lending rules

The FO says that while members can save every week *they can only borrow once every four weeks*. Borrowing once every four weeks:

- keeps most meetings short
- keeps record-keeping simple (loans in every meeting make records very complicated)
- allows the Loan Fund to build, so that members can borrow useful amounts

The Group is then asked for what purposes loans will be given. The FO says that members should not take out loans that they cannot repay easily

The FO says that *the amount borrowed by any member cannot be more than three times their savings*. (S)he explains that this is best, to ensure everyone has fair access to loans, and that loans are not too risky.

The Group is then asked for how long members should be allowed to take out loans. *The maximum loan duration should not be more than 3 months.* Once the Group has decided on the longest time that members can take out loans, the FO writes this down.

The FO explains that when members take out loans they have to pay a service charge every 4 weeks. This is a fee paid to the Group for being able to borrow, but which ends up back in members' pockets at the annual share out. The Group should then decide how much the service charge should be, and the FO writes it down. The FO explains that the monthly service charge is a percentage:

- based on the loan amount
- is paid every 4 weeks
- the same amount every month until the loan is fully repaid

If the members are confused about what service charge the Group should choose, the FO can give the following guidance:

- A service charge that is very low may tempt members to borrow more than they can easily repay. For this reason, it should not be less than 5%

- A service charge which is too high will discourage members from borrowing, and make the VSLA less useful. For this reason it should not more than 10%.
- A service charge of 10% is easy to calculate (a loan of 1,000 attracts a monthly service charge of 100 at each loan meeting)

Safety of Group funds

The FO hands over the Group kit (see Annex 3), receives the 25% down payment and tells the Group that the balance must be paid by the end of the cycle.

VSL programmes must use lockable boxes. The reason for using three locks is to keep member money and records safe and to make sure that transactions cannot take place privately between meetings.

Module 3: Development of Group constitution

Before going to this meeting, the FO goes to Annex 2 and makes a copy of the blank Constitution form. The FO takes this with him/her to the meeting.

The blank constitution form in Annex 2 allows the FO to write down Group decisions. Part of it is already fixed, because experience has shown that some things should be common to all VSLAs. Decisions that the Group needs to make for itself are shown as underlined blank spaces.

The FO explains that the rules developed in the previous meeting will be included in the Constitution, but that this meeting will concentrate on the rules that help the Group govern itself, including the decisions already made about the Social Fund, share purchase and loans.

The FO goes through the blank form, item by item and helps the members to reach agreement on each clause. The FO then helps them to fill in the blank spaces. The FO should *never* think that (s)he knows what the Group will decide and fill out the form before going to the meeting.

Once the form is filled, all the members will then sign the constitution to show that they agree.

The VSLA should not rush these discussions or feel pressured to get this done in one meeting. Experience has shown that sometime this session can take two (or even 3) meetings to finish.

Module 4: First savings meeting

The FO tells the members that this meeting will be the first chance they have to buy shares and that (s)he will guide them through the steps. *The FO then explains that from now on (s)he is only there to support the Management Committee, which is now in charge of meetings.*

The kit and the key-holders

The Group is told that the safety of the kit will be the responsibility of the Box-keeper and that (s)he must carry it to every meeting of the Group.

The FO tells the members that although they have appointed their Management Committee, it is necessary to appoint three people, to be called Key-holders, who will keep the keys, so that the box can only be opened in meetings. They can be identified by discussion and the following criteria are important:

- They must not be members of the Management Committee
- They should not be members of the same family
- They should be members who can be relied upon to attend and will always be on time

Managing a meeting: General

At this point, the Management Committee will be learning *only* how to conduct a savings meeting. *The FO should explain again that the first loan meeting will not occur for another 3 weeks.*

The FO uses Table 7 to facilitate the first savings meeting and refers to Annex 5 to demonstrate to the Group the share-purchase system and savings records in the member passbook. This should be studied by the FO beforehand.

Table 7: Procedures for first savings meeting

Meeting step	First savings meeting – Procedures
1. Meeting opening	• The Chairperson calls the meeting to order • The Record-keeper performs a roll call • The Key-holders open the box, which remains in front of the Box-keeper • The Fines bowl is placed in front of the Chairperson, so that fines can be collected during the meeting • The Record-keeper calls each member in number order to the front and gives them their number card and tells them that they must always bring it with them to all meetings • The Record-keeper writes their name and number on a passbook but does not give the passbook to the member
2. Social Fund *(if the group does not have a Social Fund, skip to step 3)*	• The Chairperson announces that contributions will be made to the Social Fund • The Record-keeper calls each member, by number, to give their Social Fund contributions to the Money-counters • When the member comes forward, they give their Social Fund contribution to the money-counters and are given their passbook • The Money-counters confirm that each member has given the right contribution and place it in the Money-counting bowl • The money counters count the total amount in the Money-counting bowl and announce this to the members • The Record keeper says that everyone should remember this amount for the next meeting • The Record keeper records this amount in the note book • The Social Fund money is then replaced in its draw-string bag and put back in the cash-box
3. Share-purchase/ savings	• The Chairperson announces that members will now buy shares • The Record-keeper calls each member to the front by their number • Each member comes to the front and buys between 1 - 5 shares, giving the money to the Money-counters and their passbook to the Record-keeper • The Money-counters count the money, place it in the Money-counting bowl and announce the number of shares that have been purchased by the member • The Record-keeper stamps the correct number of shares into the passbook and crosses out any unused blocks • The member then checks that the number of new stamps in the passbook is correct: ***the passbook remains with the Record-keeper for the rest of the meeting***
4. Expenses	• The Chairperson asks the Record-keeper if there will be any necessary expenses before the next meeting. If any expenses are approved by all of the members, the Chairperson instructs the Money-counters to remove the necessary amount from the Money-counting bowl and give it to the member who is responsible for paying the expense.
5. Calculating the Loan Fund balance	• The Money-counters combine the money in the Fines bowl and the Money-counting bowl • The Money-counters count the money and the Record-keeper announces the total to the Group • The Record-keeper then tells the Group that this money constitutes their Loan Fund • The Record keeper records this amount in the note book • The Money-counters place the Loan Fund in its draw-string bag and put it in the cash-box

Meeting step	First savings meeting – Procedures
6. Closing balances	• The Record-keeper announces the total of the Social Fund once again, and the Chairperson instructs all members to memorise the Social Fund balance for the next meeting • The Record-keeper announces the total of the Loan Fund once again, and the Chairperson instructs all members to memorise the balance of the Loan Fund for the next meeting • The Key-holders are called by the Chairperson to lock the box
7. Closing	• The Chairperson invites members to discuss any other subject that may be of interest • The Chairperson announces the date and time of the next meeting and reminds everyone to come with their Social Fund contributions and Share-purchase money • The Chairperson tells the members that they will be able to request a loan at the first loan meeting, three weeks from the date of this meeting • Once discussion is complete, the Chairperson closes the meeting

Note: For the two visits after this meeting (between Training 4 and Training 5) the FO should use Annex 4: Field Officer's consolidated guide to meeting procedures

The Record-keeper enters the following data in his/her notebook at the end of every meeting:

Table 8: Weekly Record of Balances - Example

Module 5: First loan meeting

Purpose of the meeting

This meeting takes place 3 weeks after the first savings meeting (see Figure 1, page 7). The FO tells the members that this meeting will be the first chance they have to borrow, once Social Fund and share purchase activities are completed.

First disbursement of loans

The FO says that loans will be taken and repaid thereafter every four weeks. *This is very important and the FO must **not** permit a group to disburse loans at every meeting.* This is necessary to:

- Keep most meetings short
- Keep record-keeping simple and understandable for the members and the Record-keeper
- Allow the Loan Fund to build between loan meetings

The FO uses Table 9 (on the next page) to facilitate the first loan meeting and refers to Annex 5 to help the VSLA understand the loan record-keeping system. This should be studied by the FO beforehand.