Abstract
This paper critiques current notions of microcredit and microfinance in looking at methods used for the societal empowerment of women. It examines often-used measures and definitions of 'efficiency' and 'empowerment' for microfinance and microcredit programming, and it will propose that more expanded interpretations of all of these terms (including microcredit and microfinance) are necessary to truly initiate societal change and increase local women's empowerment. It also looks at various participatory frameworks that have been used and argues for training and discussion that is more inclusive of both men's and women's participation in changing societal gender dynamics.

The Cart before the Horse: Microcredit Initiatives in a Gendered Framework

Introduction

An analysis of women's levels of empowerment has been a central theme in many recent schools of Development Studies. Students of Development Studies are increasingly being asked to critique the situational dynamics between women and men, women and women, and between women and the socio-economic structures within which we all exist. There are many programs, initiatives and movements that seek to rectify unbalanced power dynamics between men and women, each possibly claiming that they've found 'the key' concept or way to lead women towards societal (and arguably global) empowerment. In the recent past, microcredit has been purported to be a magic bullet of societal change, especially in the global South. However, we are increasingly finding literature that states that microcredit and microfinance programs are often not reaching the most vulnerable poor of society (of which women are in the majority), as they often claim to, and that in order to bring about broad societal changes in power dynamics between genders, many other situations need to be looked at and addressed.

This paper will use microcredit as a backbone for analyzing where holes may exist in approaches to individual/societal empowerment for women, and it will argue that

if women were already societally empowered, microcredit would assist them greatly. However, without addressing societal power imbalances between genders, microcredit programs often only benefit women marginally and do not get at societal underpinnings that make women's empowerment an issue in the first place. This paper will look at popular definitions of microcredit and microfinance, and will critique the various ways that microfinance has been said to empower women. It will also look at often-used measures and definitions of 'efficiency' and 'empowerment' for microfinance and microcredit programming, and it will propose that more expanded interpretations of all of these terms (including microcredit and microfinance) are necessary to truly initiate societal change and increase local women's empowerment.

The paper will also discuss various participatory frameworks that have been used to engage community discussion and have led to strategic changes in gender dynamics in both households and communities. These frameworks take the approach that addressing societal entrenchment of women's disempowerment requires dialogue and discussion with the whole community, both men and women, and from all sectors of society, as it is the various customs, laws, institutions and (most importantly) people, who participate in and influence these everyday situations to uphold the subordination of women, that need to be included in discussion and participate in change. Many of these participatory programs also include skill training for women in tandem with or prior to loans, which arguably allows them to better utilize the credit they receive, and I would also extend this argument toward the training of women in non-traditional work to avoid the market saturation and income loss that can often result from simply working within women's traditionally defined job roles. While many of the participatory approaches have been

used in various countries and contexts throughout the world, this paper will look at some of the specific societal contexts that exist in Bangladesh, and attempt to theorize how these approaches may apply there.

Micro-definitions: Appearance versus Reality

Misra defines microcredit as the "credit and repeated credit provided in small measures to suit the recipients' requirements, with a comfortable pace of repayment, and at an appropriate rate of interest"(2004, 18), while microfinance "[implies] some *other services accompanying credit*, facilities for savings and availability of services for insurance of the assets acquired with microcredit…mainly to the poor, enabling them to raise their income [Misra 2004, 18, emphasis mine]. To clarify, microcredit is the actual lending process itself, while microfinance is the larger program, which *may* include other services, training and aid provision. However, in the wake of structural adjustment measures, microfinance programs have increasingly turned towards the sole use of microcredit over programming, which has led to the cutting of social programs that are often essential in truly addressing gendered power imbalances (Ahmad 2003, 67; Mayoux 1999, 959). This can be seen through the example of PROSHIKA, a Bangladeshi NGO that CIDA has partnered extensively with, of addressing gender dynamics increasingly in intent only. Originally incorporating programming for all genders which included skills training, literacy and health classes, credit and business training, and social development training (which is a gender analysis of women's societal disempowerment and its linkages to the perpetuation of societal poverty, which each new member is required to attend), PROSHIKA's stated aim is "To reduce gender inequalities in access to and control over the resources and benefits of development"(CIDA 2002, 1).

However, as Ahmad points out, as of 2003, PROSHIKA had become a "good example of an NGO which has changed its priority from conscientization to credit", and proceeded to outline the increasing pressure that field workers in the organization face to get people to sign on to and repay loans above programming and provision of other services (Ahmad, 2003, 67).

Putting the Cart Before the Horse: Credit Without Addressing Gender Inequalities

As Ackerly argues, in order for microfinance programs to truly address gendered societal power imbalances, they must be specifically targeted to do so, through consciously incorporating various training and discussion groups that can specifically serve as avenues and forums for change (Ackerley, 1997, 141). Therefore, while programs following the terms outlined by Misra *could* function towards addressing women's societal subordination, the actual on-the-ground realities of these initiatives do not often serve these ends, arguably because they do not put in place assurances to target community power dynamics specifically. As well, while extensive literature exists that expounds the benefits of microfinance and microcredit as an efficient way to further women's empowerment (Misra 2004, 107; Nanda 1999, 426; Panjaitan-Drioadisuryo & Cloud 1999, 771), it is essential to critique these measurements of 'development', as they are often not concerned with specifically increasing women's power and decision-making within the household and community, but instead with (very gendered) theoretical linkages between women's access to/repayment of credit and (superficial?) level of societal empowerment (Mayoux 1999, 960; Kevane & Wydick 2001, 1226). Kevane & Wydick and Panjaitan-Drioadisuryo & Cloud both make automatic and relatively unquestioned connections between women's increased access to credit and increased

family nutrition and well-being (2001, 1227; 1999, 777). Hence, rather than reinforcing women's ability to choose their priorities and lifestyle options (which are arguably aspects of women's empowerment), studies such as these simply serve to further entrench women into traditional gender roles and contribute to implicit affiliations with women's selfless care of family and home-life. Empowerment is being linked to their ability to provide (further) care for their families, yet this does not address power dynamics that may subordinate women to (and within) the household, and can lead to them not even controlling the credit they are receiving. John Stackhouse illustrates this point, in recounting a story of a woman receiving credit (from a male officer), presumably for the 'family business', while her husband waited outside to give her further instruction on the money (2000, 191). By giving women credit to start businesses without also addressing their (wide-spread) lack of access to markets, this simply reinforces their dependency on male family members to sell their goods. While addressing strategic needs may require more time and money investment, the longer-term effects are likely to be greater for women's personal and societal empowerment. As well, women's ability to benefit from microcredit programs is often directly relevant to their level of household power and social standing prior to program implementation. It is interesting to note that, although Panjaitan-Drioadisuryo & Cloud say that microcredit programs in Indonesia directly contributed to women's increased household decision-making, family nutrition and decreased fertility, they also acknowledge that "Indonesia is recognized as an area where women possess high status, and female autonomy has long been recognized. There is a cultural disposition to see husband and wife as a team...women usually manage the family money, and the gendered division of labour, while clear, is also quite flexible,

particularly in poor families"(1999). One may wonder how this societal view of women contrasts with that of Bangladesh (which will be looked at further in the paper), where females (especially those who are poor and widowed) are often not accorded with this same high status. It is therefore essential to critique the specific contexts that microcredit is beneficial in, and it would seem, as this paper argues, that increased access to credit can highly benefit women *if the cultural freedom to work and maintain a flexible household division of labour is already present*.

However, in contexts where it is not, the outcomes may not be so positive.

In discussing commonly used measurements of 'efficiency' in microcredit, much focus has been directed at women's high repayment rates as evidence of them being a 'worthy' financial investment. This at-a-glance analysis is often used because it is easy to measure, and simplifies connections between family well-being and women's income (Ahmad 2003, 70). This in itself has further entrenched women into subordinate gender roles, because of the reasons (which are not often looked at) as to why women's repayment rates are higher. Therefore, with increasing pressure on these agencies to focus on microcredit, and, within that, on acquiring new borrowers that can repay, this does not often leave room for the poorest of poor women (who are estimated to be a 'higher credit risk' Kevane & Wydick 2001, 1227) to receive the training and support they may need to be able to do the necessary work to repay loans (Bhatt 1997, 375). As well, studies have also shown that while women do have higher average repayment rates than men, they are not necessarily moving out of poverty as intended (Amin 2003, 78), such that even after 7 years in microcredit, 88% of borrowers were still considered poor (Ahmad 2003, 72). Adverse effects, such as a Bangladeshi women reporting that her son had to drop out of

school in order to work, so that she could repay the loan, speak to women's high repayment rates as, in reality, not necessarily correlated with familial well-being (Ahmad 2003, 72). In sum, while program 'efficiency' and 'empowerment' for women are not necessarily incongruent, it may be necessary for many lending agencies to take longer-term and broader-scale perspectives into account, and to recognize that training and programming to increase social capital (defined here as the increase in skills and abilities that contributes positively to people's - especially women's - ability to work) may take more to implement, take longer to see and be harder to measure, but will be more beneficial towards women's empowerment in the end. As Bhatt states, "With proper institutional design, it is possible to achieve both economic and social profitability" (1997, 375).

Gendered Changes: Visions of Microcredit

While this paper has so far looked at ways that microcredit has not worked towards women's empowerment, it is also important to look at ways that it can, and ways that microcredit has already been used, in tandem with other measures, to effectively challenge gender inequalities. Before going any further, however, it may be important to postulate what characteristics may constitute women's 'empowerment', and what it will mean for the rest of the analysis.

The most obvious elements of empowerment may involve meeting practical gender needs such as access to formal health care, increased nutrition, and financial sustainability (Nanda 1999, 426; Panjaitan-Drioadisuryo 1999, 777); Ackerley 1997, 140; Akerkar 2001, 21). These needs have often been met without challenging existing gender inequalities, and, while essential to achieving empowerment for women, fulfilling these

needs are arguably only part of the changes that need to happen. Increased levels of personal autonomy, choice, self-identified options for education, training, political participation and flexibility of household gender roles are arguably strategic gender needs that are generally much harder to measure, but that can be both means to the end (empowerment) and could be seen to be ends in themselves (Akerkar 2001, 10; Mayoux 1999, 961; Moser 1989, 1811). This report views the conscious addressing of these strategic needs as crucial to women being able to more fully utilize the credit and practical services that microfinance institutions can offer, and this paper also takes the stance that, in order for programs to truly reach goals of societal empowerment for women, they need to incorporate specific approaches that make programming applicable to each unique community context. One of the most efficient ways this can and has been achieved is through the use of various participatory frameworks, and this report will now look at several and see how they may apply to situations in rural Bangladesh.

Voicing Women's Empowerment: Participatory Approaches

In discussing ways that empowerment can be gained most effectively, it is often key to equip citizens withcontrol over their own situations and futures, especially those citizens identified as the poorest of the poor (in which women are often over-represented). Through consciously and strategically encouraging participation and accountability, programs can meet empowerment measures of social and political engagement, personal autonomy and choice of livelihood. Various approaches have used community and smaller-group meetings to discuss relevant issues. It can be useful for an NGO looking to target the poorest people to follow a format used by Save the Children-Bangladesh in which households are assessed according to poverty, and the poorest

households are given access to the program Ackerly 1997, 153). While Bhatt outlines many different levels of citizen participation [see Appendix A], this report will attempt to focus on 'Type I Institutions' that give as much control and decision-making capacity as possible to the participants themselves. Discussion groups are often used by these organizations, set at an accessible time for all group members, to provide a space for citizens to identify their needs from the program, and to share knowledge and resources with each other. These programs may involve separate groups for women and men to address and discuss such issues as technical advice on agriculture, health, education, literacy, training, community poverty, gender inequality, meeting basic needs and political participation (Ahmad 2003, 67; Bhatt 1997, 380; Ackerley 1997, 153). The citizens themselves are encouraged to take an active role in the formulation of the program, which includes devising group and individual goals, implementation procedures, sustainability measures and continual program assessment. The Bangladesh Rural Action Committee (BRAC) used this approach, and provided four years of community assistance and training prior to issuing microcredit to the groups, who were then partnered with longer-term program workers to devise solutions aimed at income-generating activities (Bhatt 1997, 380). It is also key to critique the power dynamics within and between the groups, and question who seems to have more power or voice than others in the group and why this may be happening. It is important that group members make attempts to ensure that decision-making and responsibility is consensual and distributed throughout the group, so that the group can be an empowering space for all involved (Akerkar 2001, 5). While requiring extensive time and financial investment, this process is arguably more effective in reaching and empowering those who most need

it, and equips its members (almost literally) with the tools for better utilizing their microcredit loans and actually achieving financial sustainability than microcredit provision alone could achieve (Amin 2003, 80).

Another element that Type II programs incorporate is the recognition that gender roles are often acted out and socially enforced by both men and women, both in the community and within the household, and so it is necessary to involve all genders in participatory and discussion groups, and to mainstream gender analysis into all programming (Mayoux 1999, 977). While this has worked easily in certain contexts both within and outside of Bangladesh (Mayoux 1999, 978), in the country's rural areas, where gendered divisions of labour and societal roles are quite entrenched, this may initially involve discussions with men of how societal empowerment of women can benefit them (with increased household income, flexible labour tasks, societal levels of poverty reduction etc.). Also, however, hopefully through recognizing their own privilege, they can come to see that women are entitled access to the same decision-making capacity, choice, education, lifestyle options and societal participation that they have, and will commit to supporting and working with women in their endeavors towards these ends.

Conclusions

In conclusion, then, while microcredit is a very useful element of stratgeies that can be used in addressing societal gender inequalities, it does not in itself specifically target women's empowerment, but must be consciously used within a larger program framework. This underlies the argument made in the paper that, when women are already societally empowered, implementation of microcredit can be very effective, however,

when this is not the case, women are often only more societally disempowered. Through consciously using participatory frameworks to address gender inequalities, microfinance programs can more effectively target their most needy populations (poor, often rural women), and engage them in decision-making over their own program development and implementation, which arguably in itself is an empowering process There is still an obvious need for further dissemination of these approaches to rural and ghettoized areas, for increased accessibility to those (women) who need them most. It is through such implementation that women (and men) can be empowered to negotiate and create the changes they want to see in their households, their communities, and the world that we are all a part of.

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Appendix A: The Participatory Ladder of Microenterprise Development (Bhatt 1997, 377)

8	Citizen Control	Type III Institutions
7	Delegated Power	*(Participation)*
6	Partnership	
5	Placation	Type II Institutions
4	Consultation	*(Tokenism)*
3	Informing	
2	Therapy	Type I Institutions
1	Manipulation	*(Non Participation)*