

**THE FREEDOM TO FEMALE EMPOWERMENT:  
EXPLORING THE RELATIONSHIP BETWEEN  
MICROCREDIT AND EDUCATION IN  
BANGLADESH**

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**ABSTRACT:**

Since microcredit's introduction into Bangladesh, its successes and its specific focus on women have both been well documented and justified. To a large extent, microcredit has achieved measurable success in freeing many Bangladeshi women from the shackles of economic poverty and destitution. While voices of skepticism have been raised against female empowerment, strong cases have also been advanced for the success of this agenda thus far. There are three main issues addressed in this paper. First, I will explore the relationship between microcredit and education. Second, I will examine the impact of this relationship to female empowerment and posit a stronger emphasis on non-formal education. Finally, I will reflect on possible future trends and challenges for this evolving relationship.

The introduction of microcredit and its subsequent palpable presence in Bangladesh serve as a clear testament to its success in the alleviation of poverty for many. As the base of borrowers expands, most—if not all—microfinance institutions (MFIs) and non-governmental organizations (NGOs) in the country have gradually shifted their focus to target female borrowers. As women advance to the forefront of the national rural economy, the invisibility cloak is shed and the exponential increase in the number of loans made out to female borrowers has translated into a plethora of economic opportunities. With access to credit, they are now able to engage proactively in businesses and generate a sustainable level of income for their households. As a result of these changes, this new breadwinner role for women has resulted in a pronounced improvement of their economic status within the family unit and society at large.

This paper seeks to address an argument that the case made for female empowerment attained through microcredit programs should venture beyond practical financial success for the borrowers. On this basis, I posit that the definition of female empowerment “is a process by which women are able to attain the ability and freedom to make strategic choices for themselves.”<sup>1</sup> Assuming that a lack of choice is ‘disempowering’ as argued by Kabeer, this notion of female empowerment is captured in her definition, and refers to it as “the processes by which those who have been denied the ability to make choices acquire such ability.” It is therefore prudent to acknowledge that microcredit “does not guarantee an automatic route to empowerment”<sup>2</sup> and that an increased focus on education will provide a more holistic strategy to attain this goal.

I focus on non-formal education in particular, as it appears to be the most reliable and relevant form of education that helps boost development initiatives such as microcredit programs. I argue that education is a salient tool that is able to supplement and complement the needs of microcredit programs as they evolve and female empowerment can be made more sustainable and holistic by ensuring that both education and microcredit are engaged in a parallel and simultaneous development trajectory, with a stronger focus on the former in addressing the specific needs of women. In order to sustain the viability and consistency of microcredit programs and its agenda of female empowerment, measures to promote education for women have to be further stepped up.

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<sup>1</sup> Simeen Mahmud, “How Empowering is Microcredit?” *Development & Change* 34(4) (2003): 585.

<sup>2</sup> Umashankar, Deepti, “Women’s Empowerment: Effect of Participation In Self Help Groups,” (PhD diss., Indian Institute of Management Bangalore).

## METHODOLOGY

For the purposes of this research paper, I undertook a field research trip to Dhaka for a brief period of ten days. The duration of the trip should be noted, as it poses a certain limitation to my research findings; and the small sample size of interviewees is a second constraint. It should be qualified that as a result of these limitations, the nature of this paper will not include a large amount of original research. The field trip involved three separate visits to villages outside of Dhaka, with three different organizations. In a bid to create a more balanced perspective on the impact of microcredit and education, I decided to balance my visits between established and well-funded microfinance institutions like BRAC (Bangladesh Rural Advancement Committee)<sup>4</sup> and Grameen Bank, with small-scale NGOs. My primary data includes personal interviews with practitioners of microcredit from MFIs and NGOs in Dhaka and the academic staff from the Independent University and North-South University in Dhaka. I also had the opportunity to interview a number of female microcredit borrowers of the Grameen Bank and the CDIP (Centre for Development Innovation and Practices). This research is largely based on a review of journals and academic articles. On this note, I seek to highlight that the field research findings presented in this paper should be taken into perspective, subjected to the constraints and conditions that this paper was written under.

## MICROCREDIT

One of the major reasons for widespread poverty in Bangladesh is the lack of access to credit by the poor. Out of the small income they own, they can hardly put aside any money to generate any form of capital. Due to the gender prejudice that exists in the society, the financial capacity for women is further compromised. Traditional bank loans are denied to them, as financial control is off limits to them. Given their lack of physical collateral and low savings rate, it is extremely difficult for them to find “a sustainable and viable method to invest in any small enterprises and improve their socio-economic conditions.”<sup>5</sup>

This is the crucial junction where microcredit extends a lifeline and creates a turning point for these women in Bangladesh. Microcredit provides them with the necessary financial startup capital and creates new channels for them to save and invest in income-

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<sup>4</sup> BRAC is a non-governmental development organization that was founded in early 1972.

<sup>5</sup> Momen, MD. Nurul and Begum, Mst. Marzina. “Impact of Micro Credit Program for Women Development in Bangladesh: A Case Study of BRAC,” *Asian Journal of Information Technology* 5(11) (2006): 1269.

generating activities, paving the way for more opportunities in entrepreneurship. At its fundamental level, it is simply termed as the provision of small amounts of capital to groups within a society, who are too poor to qualify as candidates for mainstream bank loans. This form of unconventional credit is ideal for the poor, as it does not require “the borrower to possess any collateral in tangible and physical assets.”<sup>6</sup> It essentially functions on a group liability basis.

In Bangladesh, women have grown to form at least ninety percent of the borrowers.<sup>7</sup> The situation looks even more optimistic with the high repayment rates of over ninety percent, and correspondingly low default rates of less than one percent in almost every microfinance institution.<sup>8</sup> As a result, this great demand for loans and their successful repayment rates have often been taken as “the most convenient indicator of women’s control of loans and their apparent level of empowerment.”<sup>9</sup> With this reportedly positive level of tangible and visible economic returns, it has been widely assumed that there is a clear and direct relationship between access to credit and an increase in the status of women within their households and communities.

#### NON-FORMAL EDUCATION<sup>10</sup>

Bangladesh has currently put in place many non-formal education (NFE) programs, with strong support from the government for further expansion in combating the literacy problem in the country.<sup>11</sup> Such a system is beneficial for a developing nation like Bangladesh as it is versatile and multidimensional in terms of its syllabus and organization, delivering a variety of educational programs to cover basic and pragmatic learning goals. This loosely bundled package of learning objectives offers a spectrum of choices, which ranges from literacy and basic education for adults and young people, programs for school dropouts, political education and rights awareness, to the different educational work related to development initiatives. In terms of financing these projects, both the government in Bangladesh and the active NGOs play a huge part. The long-term

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<sup>6</sup> Rahman, Aminur. “Micro-credit Initiative for Equitable and Sustainable Development: Who Pays?” *World Development* 27(1) (1999): 67.

<sup>7</sup> Kelkar, Govind, et. al. “Redefining Women’s ‘Samman’: Microcredit and Gender Relations in Rural Bangladesh,” *Economic and Political Weekly*, (August 7, 2004): 3627.

<sup>8</sup> Islam, Tarikul. Interview by Esther Nai. Dhaka, Bangladesh. 15<sup>th</sup> July 2010.

<sup>9</sup> Goetz, Anne Marie and Gupta, Rina Sen. “Who Takes the Credit? Gender, Power, and Control Over Loan Use in Rural Credit Programs in Bangladesh,” *World Development* 24(1) (1996): 45.

<sup>10</sup> Non-formal education will be used interchangeably with education in this paper.

<sup>11</sup> Govinda, R. *Non-formal Education & Poverty Alleviation: Exploring Experiences for Asia*, UNESCO, Bangkok, (2003): 24.

goals of such an education facilitate lifelong learning and accentuate capacity-building of the poorer sections of society, including female microcredit borrowers, by catering to their contextual needs in the long run.

#### SUPPORTERS AND CRITICS OF FEMALE EMPOWERMENT THROUGH MICROCREDIT

Proponents of female empowerment through microcredit contend that women have been empowered economically. Perceived as a good credit risk,<sup>12</sup> they comprise the bulk of credit borrowers in most microfinance institutions in Bangladesh. Women have certainly come a long way from the extensive and blatant neglect they had experienced before microcredit was introduced. The focus of microcredit loans on females has gradually shifted the spotlight onto their gender grouping and created more economic opportunities for them. In the household, women have become a permanent fixture and substantial contributor to family income through their entrepreneurship activities, allowing them to redefine their terms of engagement within society.

Before microcredit programs were introduced in Bangladesh, women had also lacked mobility. Women typically faced specific limitations in terms of cultural and traditional taboos (such as purdah) they were forced to adhere to,<sup>13</sup> “emerging from patrilineal and patrilocal marriage, kinship and inheritance systems.”<sup>14</sup> This had a direct repercussion on their lack of freedom, access to capital, technological knowledge and necessary resources. However, as women are now relatively more involved in the market economy, this allows them a greater opportunity to move beyond the household and participate as “buyers and sellers in a traditionally male domain, such as the marketplace.”<sup>15</sup>

Skeptics of the microcredit success stories have summoned their own set of opinions. Many posit that the engrained patriarchal social structure of rural Bangladesh inherently impedes achievement of true success. In this case, microcredit does not necessarily translate into the form of empowerment we have often witnessed. In some cases that were cited, these microcredit programs did not manage to “reach the poorest of the poor in society.”<sup>16</sup> Second, the female

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<sup>12</sup> Goetz and Gupta, “Who Takes the Credit?” 45.

<sup>13</sup> Sultana, A.M. et al. “Influence of Purdah (Veil) on Education and Employment of Women in Rural Communities,” *European Journal of Social Sciences* 11(2) (2009): 268.

<sup>14</sup> Rao, Nitya. “Review: Researching Empowerment: A Grassroots Women’s Perspective,” *Economic and Political Weekly* 33(6) (Feb 7-13, 1998): 273.

<sup>15</sup> Kelkar et al., “Redefining Women’s ‘Sammam’”, 3635.

<sup>16</sup> Banu, Dilruba, et al. “Empowering Women in Rural Bangladesh: Impact of Bangladesh Rural Advancement Committee’s (BRAC’s) Programme.”: 30.

borrowers' lack of control of the loans also seem to suggest that their husbands still retain most of the decision-making power in the family, which to a certain extent, makes it difficult for microcredit to address women's empowerment issues effectively.<sup>17</sup>

In addition, there is contention that home-based production units, set up with the help of microcredit and microenterprises, may hinder the socialization of women – “stealing the time allotted for public interaction, political meetings, and even the attempts for switching over to the formal employment in the case of qualified and educated women.”<sup>18</sup> Women generally seem to have to bear a heavier burden, as the scope of responsibilities widens and intensifies. With no respite from the burden and domestic responsibilities, which easily far outweigh that of the males, women are increasingly worn out.

In summing up these criticisms, credit- and income-generating programs need to progress beyond the framework of viewing women as passive recipients of credit. Many have propounded the case that women merely function as a superficial and expedient conduit for the access to loans. In fact, they reportedly do not have control over these loans. I believe that the scope of credit programs has to be increased from self-reliance to helping women achieve broader social development goals such as enabling an increased literacy level. As it stands, the linkage between microcredit and empowerment is “far from automatic and given.”<sup>18</sup>

#### EXPLORING THE RELATIONSHIP BETWEEN EDUCATION AND MICROCREDIT

According to Khan et al., “education is a useful and prevalent tool in the achievement of any sustainable developmental goal.”<sup>20</sup> It provides a reinforcing infrastructure for the success and sustainability of microcredit initiatives in Bangladesh. Some organizations have increasingly supplemented their microcredit programs with skills-equipping, financial literacy and health education programs. Many proponents of female empowerment have also emphasized this connection between education and microcredit, advocating for expansion of possibilities on this frontier.

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<sup>17</sup> Maclsaac, Norman. “The Role of Microcredit in Poverty Reduction & Promoting Gender Equity,” Strategic Policy and Planning Division Asia Branch CIDA (June 12 1997): 13.

<sup>18</sup> Muraledharan, K. “Measuring empowerment: Conceptual Cobwebs & Empirical Evidences from a Comparative Inter-State Perspective,” accessed at [www.siyanda.org/.../\\_measuring\\_empowerment\\_conceptual\\_cobwebs\\_abd\\_empirical\\_evidence\\_from\\_and\\_inter\\_state\\_perspective\\_07101102](http://www.siyanda.org/.../_measuring_empowerment_conceptual_cobwebs_abd_empirical_evidence_from_and_inter_state_perspective_07101102)

<sup>19</sup> Deepti, “Women’s Empowerment,” 5.

<sup>20</sup> Khan, S.R., et al. “Women’s Education and Employment: Matlab Experience,” *Asia-Pacific Population Journal*, 11(1) (1996): 45.

This paper seeks to probe deeper into the significance of this relationship in Bangladesh. Amartya Sen highlights interesting differences and similarities between the human capital versus human capability approaches<sup>21</sup> in his book ‘Development As Freedom’ and I seek to incorporate this particular framework into my analysis. His comparisons underline some constructive standpoints in the manner development should be perceived and pursued; I will extrapolate this thread of thinking in relation to microcredit programs and non-formal education.

Education has much to offer in Bangladesh, especially in providing adult literacy skills and specific financial skills in augmenting the productivity of women in terms of their income-generating activities. On the international level, the World Bank’s instrumentalist approach seeks to promote women’s education as an important contribution towards human capital. In addition, the “common consensus within development economics sees women’s education as an investment with a great payoff.”<sup>22</sup> With the constant need for women to ensure that repayments are met continuously and on time, female adult literacy programs are commonly managed and encouraged by the MFIs and their partner organizations. The human capital approach tends to value the effect of education on economic production, microcredit sustainability and income generation. Undoubtedly, such necessity and salience should not be undermined, as this leads to direct economic empowerment for women when they lift themselves out of abject poverty using these measures. On the other hand, despite their congruent outcomes, the capability method approaches development from a different dimension; it instead focuses on the ‘ability or the substantive freedom of people to lead the lives they have reason to value and to enhance the real choices they have.’<sup>23</sup>

In many ways, education can be used to promote more and better healthcare benefits for women and their children, and not just exclusively for the purpose of microcredit complementation. For instance, human rights and legal education courses, which are a key component of BRAC’s program, seek to educate and empower women to be aware of their legal rights and the mechanisms they can use to address the discrimination that they face. Social empowerment objectives run the risk of being sidelined as microcredit finance institutions escalate their borrowers’ quota in competition with other

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<sup>21</sup> Sen, Amartya. *Development as Freedom*, (Oxford University Press): 293.

<sup>22</sup> Arends-Kuening, Mary and Amin, Sajeda. “Women’s Capabilities and the Right to Education in Bangladesh,” *International Journal of Politics, Culture and Society* 15(1) (September 2001): 125.

<sup>23</sup> Sen, *Development As Freedom*, 293. Arends-Kuening and Amin also made mention of this analytical framework in their journal article.

MFI, and the capability approach thus provides a more comprehensive framework and perspective as it emphasizes widening the scope of choices and decisions that women can make, empowering them and society in the long run. More importantly, education should strive to change norms and conditions that are detrimental to the interests and welfare of women. Such development will reap positive dividends for social empowerment in Bangladesh. Both approaches converge on what empowerment should entail – the expansion of one’s freedoms – but the difference lies in their respective focus. According to David A. Clark in a working paper for Global Poverty Research Group entitled *The Capability Approach: Its Development, Critiques & Recent Advances*, “where the human capital approach hinges on economic freedom, the capability approach seeks to encompass not only this aspect, but as well as the other intangible gains such as having a personal freedom of choice without any restrictions.”

*A. MICROCREDIT PROVIDES A PLATFORM AND CONTINUOUS MOTIVATION FOR WOMEN TO EQUIP THEMSELVES THROUGH NON-FORMAL EDUCATION STRUCTURES*

Seen through the human capital approach where education is essentially a factor of economic production, microcredit provides a launching pad for women and a consistent impetus to equip themselves because of the evolving requirements to participate innovatively in microcredit schemes. “The nature of microcredit pushes women to think of various ways to scale up their businesses from minimum survival enterprise levels to small enterprise and other entrepreneurial activities,”<sup>24</sup> according to the Shakti Foundation. On many fronts, it provides the necessary resources and competitiveness for women to stay relevant in the microcredit field. Excluded from the formal schooling system where knowledge can be made easily accessible, non-formal education through microcredit programs therefore presents a more viable channel for microcredit borrowers to obtain the necessary knowledge such as financial literacy and accounting skills to manage their daily enterprises.

For instance, national NGOs have started programs like the Shakti Foundation for Disadvantaged Women’s Business Development Services. This program equips its members with enhanced business skills and knowledge, and helps the entrepreneurs to manage and expand their businesses in a more efficient manner. Lending credence to the human capital approach, microcredit has evidently motivated women to pick up the necessary knowledge.

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<sup>24</sup> “Business Development Service,” The Shakti Foundation, accessed at [http://www.sfdw.org/index.php?option=com\\_content&view=category&layout=blog&id=43&Itemid=61](http://www.sfdw.org/index.php?option=com_content&view=category&layout=blog&id=43&Itemid=61)



Other capacity building measures under Palli Karma-Sahayak Foundation (PKSF) include vocational training, followed by the required support for it to be used in a productive manner.

*B. MICROCREDIT ENABLES WOMEN TO PROVIDE  
EDUCATION AND EMPOWERMENT FOR THE NEXT  
GENERATION*

When microcredit provides a consistent income to sustain a family by providing for basic necessities and survival, these borrowers are then able to direct time and attention to achieving social goals in her community. Many are given the ability to choose to send their daughters to school and are now doing so because they recognize the importance of education in helping to break this vicious cycle of poverty. Provision of education for the next generation acts as a possible indicator for assessing the social impact of microcredit. This contribution to social empowerment of the next generation, especially in terms of education for female youths, is significant, because in the long run, this will help in bolstering the overall female literacy rates in the country. I argue that women do play a crucial role when it comes to acting as a conduit for education in Bangladesh.

From the observations carried out, many children of microcredit borrowers have been given the opportunity to receive non-formal education. The girl to boy ratio in classes has also gone up significantly. For instance, all the schools I visited under Grameen Bank, BRAC and CDIP had either an equal boy-girl ratio, or a slightly higher proportion of girls. The need for continuous learning and knowledge transfer to manage their income-generating activities, help many Bangladeshi women realize that it is important to educate their children in order to break out of the vicious poverty cycle. The MFIs play their part by encouraging female students when they set aside a fixed amount of monetary rewards or scholarships to motivate them to pursue higher education. As evidence of this, some of the borrowers I spoke to (at Grameen Bank) had children who pursued tertiary education with a scholarship from their organization.

Second, women are also performing the function of education service providers. It is widely acknowledged that all the teachers in the non-formal education program under BRAC are females. Most of the female teachers hired by BRAC are married housewives who could spare the time to educate the village children.

In addition, studies have shown that women's education results in children's schooling and an improvement in children's health.<sup>25</sup>

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<sup>25</sup> Arends-Kuenning and Amin, "Women's Capabilities and the Right to Education in Bangladesh," 125.

According to a case study of BRAC by Momen and Begum, the visits made to the BRAC Education program schools in Chak Protha and Goshaibari exemplified the high standard of learning, the dedication of the teachers and the confidence and intelligence of the young students. For instance, the Dhunat Pilot Girls High School is one of the sites of the innovative Female Secondary Schools Stipends program, “which has successfully scaled up girls’ secondary education drawing millions of girls into secondary schools and more than doubling female enrollment in these schools.”<sup>26</sup>

Smaller NGOS like CDIP also provide additional social support for children of microcredit borrowers, along with their own microcredit programs. Since 1995, CDIP has been running an education support program, working with the objective to eliminate the number of school dropout children. CDIP has decided to focus on the micro issues faced by children in less than ideal classroom settings, and non-conducive environment where both parents are illiterate. As of February 2010, there were 550 of such schools running and a total of 13,000 poor children who had been given additional support that they badly needed.<sup>27</sup>

Also, Grameen’s Bank example of ‘Sixteen Decisions’ illustrates that literacy benefits the entire family. Without any prior literacy capability, female microcredit borrowers had a tough time navigating the rules and regulations of microcredit, as they simply did not understand and were unable to read the ‘Sixteen Decisions’ of Grameen Bank. Taught to them by the Grameen workers as a prerequisite to obtaining the loans, a small leap in literacy rates is reflected in the literacy ability of borrowers and their family members, as they are now able to read and understand the conditions of the Sixteen Decisions. Though this might be a small leap in the general literacy levels, this undeniably implies a pertinent point: that there is huge potential in using microcredit as an empowerment tool, because of its ability to deliver not only economic benefits, but social benefits on a large scale. It offers a process for borrowers to enrich themselves beyond harsh economic conditions, by ensuring that self-esteem and confidence are built up through empowering others.

## WHAT DOES THIS MEAN FOR FEMALE EMPOWERMENT?

### *A. ABILITY TO CHOOSE AND DECIDE*

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<sup>26</sup> Momen and Begum, “Impact of Micro Credit Program for Women Development in Bangladesh: A Case Study of BRAC,” 1269.

<sup>27</sup> “Education Support Program (An innovative social program).” Centre for Development Innovation & Practices (CDIP), accessed February 5, 2011 at <http://cdipbd.com/Education.html>

With the ability to generate a consistent flow of income, female microcredit borrowers are given a chance to break out of their traditional social and cultural roles. According to Mr. Tarikul Islam, Manager of the Special Programs at the CDIP, women did not possess the capability and freedom to control any aspect of household finances before microcredit was introduced. As a result, women could hardly exercise choice in going to public places like marketplaces, much less exercise their freedom to purchase items for themselves. Considering it taboo, women in a pre-microcredit situation did generally refrain from going to the market.<sup>28</sup> This was largely due to a fear of losing their social value.<sup>29</sup> However, enrollment in microcredit programs gradually enabled them to secure a stronger economic role for themselves and a closer linkage to the market. As a result, more women can be seen going to the market to purchase items such as clothing for themselves, a simple personal choice that they did not once possess.

*B. PRESENCE OF LEADERSHIP AND VISIBILITY IN SOCIETY*

A notable and positive social trend is reflected in how women are generally placed in leadership positions when it comes to the operations and daily management of microcredit. This is a clear signal that, to a certain extent, women have been able to surpass and defeat the rigid social, cultural and religious norms that have always restricted their freedom. For one, during a weekly center meeting held in one of the villages under the ambit of Grameen's microcredit programs, I witnessed the proceedings that the Center Chief undertook with the rest of the microcredit borrowers. The meetings included the congregation of the borrowers of a village in one particular designated venue. The Center Chief then reported the necessary updates and handed over the payments to the bank representative. This role is always occupied and rotated among the female borrowers of a village and the weekly sessions at the Center are co-chaired by the Center Chief and a representative from the Grameen Bank. At the management level at Grameen, nine out of thirteen Board Members are borrowers who sit on the Board of Directors by rotation. As Mr. Harun, a coordinator at Grameen Bank mentioned, all borrowers at Grameen Bank are seen as shareholders of the bank.<sup>30</sup>

As an example of community involvement, Ms Obaida

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<sup>28</sup> Kelkar and Jahan, "Redefining Women's 'Samman,'" 3635.

<sup>29</sup> Sultanam, Bilkish et al. "Women's Empowerment Through the Development of Micro Entrepreneurship in Rural Bangladesh," *The Social Sciences*, 5(1) (2010): 1.

<sup>30</sup> Rashid, Harun. Interview by Esther Nai. Written interview. Dhaka, Bangladesh (16<sup>th</sup> July 2010).

Haque from the Shakti Foundation informed me that women in their community are taking on active roles to try and solve the issues in their own community. They are in the best position to relate to and understand the situation and context, and therefore are more able to relate and provide solutions to any problems that arise in their village. This facilitates the work of the organization, as this interaction becomes a two-way street, whereby these women become empowered to take problems into their own hands, with the economic support of microcredit from the organization. Consequently, there is a fundamental transition in the perception of women's roles. This boost in confidence and self-esteem of women propels them to take a more active role in their own community through leadership positions and joint collective actions with other women.

#### EXISTING AND FUTURE TRENDS AND CHALLENGES

Viewed through a social empowerment paradigm, there should be additional emphasis on education to shore up the efficacy of microcredit programs. This change in mindset has to be one that views microcredit as a process for achieving greater social participation and stakeholderism for the women in Bangladesh, rather one that sees it as a mere end of profit regeneration in itself. With this agenda driving microcredit in Bangladesh, I am of the opinion that the scope of education has to widen and deepen its outreach. This should extend beyond equipping them with bookkeeping, accounting and banking knowledge. More importantly, knowledge transfer and non-formal education should also look at enhancing the capacity and social well-being of these women. As of now, certain NGOs like the Shakti Foundation have set a tried and tested health program in place, which provides antenatal care and primary health care for members and their families. The continuity and relevance of knowledge transfer has to consider the merits of social empowerment through health programs, gender-institutionalization and digital empowerment. These are some of the exploratory areas that more microfinance institutions and NGOs in Bangladesh should consider tackling more intensively. Furthermore, as globalization continues, microcredit has to evolve effectively to keep up with it. Simply put, the engines of empowerment cannot be propelled forward based on the fuel of microcredit alone.

#### *A. DIGITAL EMPOWERMENT FOR WOMEN*

In tandem with the Vision 2021 and ‘Digital Bangladesh’<sup>31</sup> slogans exhorted by the incumbent government, a renewed and more vital emphasis on the concept of digital empowerment should be placed on the female microcredit borrowers too. Development strategists have strongly supported information technology as a way to prevent further economic and social marginalization, at the same time presenting a larger scope for diversification opportunities. Although women have now risen up the ranks in society from the microcredit earnings they generate, they cannot afford to allow these improvements to stagnate. According to a paper presented for the 10th General Assembly of CODESRIA, Kampala, Uganda, on December 8-12, 2002, entitled "Globalization, ICTS and the New Imperialism: Perspectives on Africa in the Global Electronic Village": “A lack of technological knowledge as society progresses may potentially place women at a disadvantage in the future, because globalization privileges people who are equipped with a minimum standard of technological literacy and knowledge.”

In facilitating the development of female entrepreneurship, the familiarity with technological know-how will help women to build their capacity to assess risk more astutely.<sup>32</sup> Extrapolating from this, it is evident that information technology is a tool that will be critical in the economic and social transformations of the Bangladeshi society and may also provide opportunities for business growth and diversification.<sup>33</sup> Presently, there are already some positive examples in place, as seen in the village phone schemes operating under the Grameen Bank. This project has allowed women to provide a source of communication to their villages, as well as a source of sustainable income for themselves. These women have taken a loan from the Bank to start up this kind of business in their own community, and they reportedly earn an income that is often more than twice the national average.<sup>34</sup> This is an apt illustration of how technology can be a lucrative form of small investment in Bangladesh, in a market that is currently not saturated by mobile phones. The Shakti Foundation is one example of an NGO in the country that has fully computerized branches.

The uneven distribution of technologies within societies as well as across the world has been termed “the digital divide.”<sup>35</sup> Women are put at a greater disadvantage as compared to their male

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<sup>31</sup> “Realizing the Vision of Digital Bangladesh through E-Government.” Report by the Bangladesh Enterprise Institute, July 2010.

<sup>32</sup> Nawaz, Faraha. “Critical Factors of Women Entrepreneurship Development in Rural Bangladesh.” Bangladesh Development Research Working Paper Series, May 2009.

<sup>33</sup> Ahmed, Alauddin et al. “Measuring The Impact of ICT on Women In Bangladesh.” Independent University, Bangladesh. Accessed at <ftp://amd64gcc.dyndns.org/WORLDCOMP06/EEE4168.pdf>

<sup>34</sup> “Mobile Phone Scheme Empowers Bangladeshi Women.” Global Ideas Bank. Accessed at <http://www.globalideasbank.org/site/bank/idea.php?ideaId=4346>

<sup>35</sup> Ahmed et al., “Measuring The Impact of ICT On Women In Bangladesh.”

counterparts as a result of this. This is especially true since women possess a comparatively low literacy level as well. Therefore, if access to and use of these technologies is directly linked to social and economic development, then it is imperative to ensure that women in developing countries understand the significance of these technologies and use them. The investments into digital empowerment of women will bring about long-term dividends in female empowerment because digital empowerment will be able to help microcredit borrowers keep up better with the changing challenges, both nationally and globally.

*B. CHANGES IN THE MINDSET OF MEN*

In order to sustain the empowerment agenda, I argue that microcredit institutions have to ensure that men share the burden and obligations of upholding microcredit-borrowing responsibilities. With the increased capacity to generate income, there is also a growing burden on women for repayments. At the same time, they are still held responsible for household chores like cooking, cleaning, rearing and caring for the well-being of the family. This means that, although women might now see a more active role within the household, the added obligations of income-generation and their daily duties might end up becoming a heavier burden for them, especially if their spouses do not offer assistance of any sort. This will not be beneficial for their welfare as a whole.

In a bid to entrust more obligations to the men and to offset the load of women, CDIP has put in place, measures where men are made to accompany their wives when borrowing money. Tarikul from CDIP offered the explanation that this will help women to secure prior acknowledgement of responsibility from the men. Husbands used to deny that their wives had taken prior loans, especially during repayment time and in feigning ignorance of the matter, they left their wives to shoulder the burden of the repayment alone. Behind this borrowing of credit lies a social obligation of trust and integrity on the behalf of both parties. This practice will arguably elevate the status of women by leading husbands to see women as more than mere credit borrowers.

In sum, I posit that changing the mindset of men will be a slow process. However, there is sufficient reason to believe that, as microcredit programs continue their successful run in Bangladesh, the equality gap between men and women within the family unit will gradually, but surely, close.

*C. DIVERSIFICATION AND UPSCALING OF MICROCREDIT PRACTICES*

The oft-cited criticism leveled against microcredit is that its

outreach is not sufficient and effective in reaching the most impoverished sector of society. As microcredit advances to accommodate a burgeoning number of borrowers who are making a better living, it is also prudent to keep the lower rungs of society in view and ensure that microcredit reaches them. Microfinance institutions should look at diversifying into different target segments, so as to accommodate the evolving stages of poverty and its related needs at every level. This diversification method will enable NGOs and MFIs to provide better and more efficiently, for the ultra poor, the moderate poor, small and marginal farmers and other microentrepreneurs. Lastly, it is crucial to bear in mind that the needs of the rural poor and the urban poor are different as well, given their respective living and physical circumstances.

To address this situation, the Grameen Bank started the Struggling Beggar Program in 2003, which seeks to target beggars in particular. It is a new initiative undertaken to ensure that the poorest sectors are reached by the Grameen Bank. It does not operate according to the same rules that govern the workings of mainstream microcredit programs. The operating premise of this program is that the ultra poor have to be given extra preparations and more provision to embark on these microcredit programs, and therefore more flexibility and imagination has to be incorporated into the programs designed for them. Mr. Harun, one of the senior coordinators at the Grameen Bank Headquarters, made mention of the fact that the borrowers of the Struggling Bank Program do retain a choice at the end of the day, where they could eventually decide if they would prefer to continue begging or to continue with the program after some progress has been made. This form of flexibility is also extended to the length of repayment for the borrowers in this particular program. Other examples include BRAC's 'Income Generation for Vulnerable Groups Development' (IGVGD) program, which works with women who are receiving relief rations of wheat provided by the Government. This aspect complements the food handout with employment options in BRAC's sericulture program, and they are then offered concessional loans with a monthly repayment requirement after one year.<sup>36</sup> These borrowers will then gradually transit into the mainstream Rural Development Program (RDP) and are offered bigger loans. On a whole, this facilitates the transition of the ultra poor to longer-term programs. Other such programs include 'Challenging the Frontiers of Poverty Reduction' (CFPR) Program and PKSF's 'Hardcore Poor Program.'<sup>37</sup>

In addition, the moderate poor seek broader investment opportunities after they have attained a minimum survival standard.

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<sup>36</sup> Zaman, Hasan. "Questioning the critics: the case of BRAC and other credit programs in Bangladesh." *Development in Practice*, 7(1) (February 1997): 82.

<sup>37</sup> Islam, Sirajul. "Microfinance in Bangladesh." *Context and Experiences*: 10.

Most women who started out with domestic and small-scale activities like rearing poultry eventually advanced and transformed these activities into commercial ones. There is a separate set of information needed to make the shift from production for domestic consumption on a small scale to production for commercial purposes. For instance, women who started out with small-scale poultry-rearing might eventually decide to increase the scale and scope of their operations, by venturing into other enterprises like setting up village stores. To achieve this, there needs to be an enhancement of knowledge and business management skills. In a bid to accelerate the present Micro-Enterprise Program, PKSf has taken up a project since 2008, titled “Finance for Enterprise Development and Employment Creation (FEDEC). Approximately 94% of the total project cost is funneled into the funding of microenterprises, value chain development, project management, and monitoring. FEDEC seeks to improve access to complementary business development and value chain services, and to increase lending by the partner organizations of PKSf to microenterprises.<sup>38</sup> In this case, NGOs or MFIs should step in to strengthen their knowledge front by pushing for stronger entrepreneurship abilities, capacity-building opportunities and business ownership. Workshops, seminars and conferences should be conducted for these women to be exposed to more networking options or business collaboration plans, so as to take their individual businesses further. I believe this would help sustain their financial viability in the long run. Currently, a sense of optimism is felt as the female entrepreneurship level is seemingly rising in the country. However, there is still ample room for expansion and improvement.

#### *D. FOCUS ON GENDER MAINSTREAMING PRACTICES*

Functioning on the assumption that microcredit is not an automatic solution to gender inequality, gender mainstreaming has become a pertinent facet to the process of poverty alleviation measures. As defined by the United Nations Economic and Social Council (ECOSOC) in 1997, “this concept serves to act as a strategy to enable both genders’ concerns to be well integrated into the political, economic and societal dimensions, so that equality is present for all.”<sup>39</sup> Success and validity of microcredit aside, one of the potential pitfalls of empowerment lies in the over-dependence on the supposedly inherent empowerment potential of credit and savings.<sup>40</sup>

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<sup>38</sup> PKSf Annual Report 2008: 21.

<sup>39</sup> “Women’s Empowerment.” United Nations Development Program. Accessed at <http://www.undp.org/women/mainstream/whatis.shtml>

<sup>40</sup> Mayoux, Linda. “Micro-finance and the Empowerment of Women: A Review of the Key Issues.” *Social Finance Working Paper No. 23* (International Labour Organization: 2000).



In fact, tension has invariably existed between the focus on mainstreaming microcredit and emphasizing the need to reach the poor. Some MFIs and their partner organizations would be more inclined to concentrate their effort on generally widening their microcredit programs rather than placing more focus on supporting more gender- and empowerment-focused interventions for women. I posit that a greater focus on education might be the solution for reconciling the underlying tensions between the outreach and sustainability goals.

Attempts to mainstream gender within the microfinance industry have to move beyond the number of loans given to women. This idea requires a more well-rounded approach, and this calls for putting women's accessibility at the core of policies, structures and programs. This will help to tailor these poverty alleviation methods to promote women's empowerment, ensuring its sustainability. The institutionalization of a gender focus is more of a process than an outcome and it is a most helpful tool to keep the agenda in line.

Gender equality is pertinent to the achievement of poverty reduction, economic growth and social development outcomes. The international support behind such an agenda is evident in the fact that almost all countries in Asia and the Pacific, including Bangladesh, have ratified the Convention on the Elimination of All Forms of Discrimination against Women and adopted the Beijing Platform for Action at the United Nations Fourth World Conference on Women in 1995. The salience of this concept is again highlighted in the Millennium Development Goals (MDG), which is endorsed by the Asian Development Bank (ADB) as well. Under the Beijing Platform for Action, all governments commit to the adoption of gender mainstreaming across all policy and program functions, requiring gender equality to become the goal for gender mainstreaming. It also requires that processes be put in place to inform how gender-sensitive policies and programs link to positive change in women's lives and to achievement of national development goals (e.g., women's political and economic empowerment and respect for women's basic rights, such as access to health care and freedom from violence). In addition, United Nation Development Program (UNDP) Gender in Development Policy (GIDP) has interpreted empowerment in a more precise and comprehensive manner. The policy aims at a three-fold outcome which includes providing women with access to education and training, and promoting their presence and ability in policy and decision making processes.

In support of this gender mainstreaming agenda, INAFI Bangladesh has organized a conference termed "Women Empowerment Mainstreaming through Networking", a program

supported by Oxfam Novib. The program helps the client take stock of her present situation, helping her calculate the opportunities and risks involved in any potential ventures she might seek to undertake. In a study conducted by INAFI on the Empowerment Situation of the Microfinance Borrower of INAFI Bangladesh Members Organizations Using Gender Checklist, some of the positive trends have been documented in this research report. This is an assessment of the clients that are served by INAFI Bangladesh members, to know and gauge their gender empowerment situation.<sup>41</sup> On top of that, INAFI has spearheaded the path for gender mainstreaming by organizing a national conference on gender mainstreaming in microfinance. The conference was an attempt to establish dialogue among the microcredit practitioners, and bring about a viable method to effectively mainstream gender into INAFI's organization mandate and within the broader community as a whole.<sup>42</sup> As illustrated in the above examples, it is evident that in order to ensure that microfinance programs fulfill their promise to support women's empowerment, development workers and researchers need to divert more energy towards strategies that support the transformation of gender relations.<sup>43</sup>

## CONCLUSION

Microcredit is widely perceived as an effective tool for empowering women globally and it is an acclaimed form of developmental intervention for poverty alleviation. However, the provision of credit at favorable terms is hardly a panacea for solving either the empowerment or poverty conundrum. Dr. Muhammad Yunus has made this clear too, in his statement that "it is not microcredit alone which will end poverty. Many more doors and windows can be created to facilitate an easy exit."<sup>44</sup> Therefore, while the improvement of women's access to credit is a positive step towards empowerment, social mobilization and awareness of rights through education have to be used in tandem with microcredit to enhance greater chances for female empowerment in the long run. I believe that fostering and ensuring an enhanced and consistent relationship between education and microcredit can expedite the continuous process of empowering women in Bangladesh.

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<sup>41</sup> "Empowerment Situation of the Microfinance Borrower of INAFI Bangladesh Member Organizations Using Gender Checklist." International Network of Alternative Financial Institutions (INAFI). Accessed at <http://inafi.org/data-a-publications/55-gender-mainstreaming>

<sup>42</sup> Ibid.

<sup>43</sup> Hunt, Juliet and Kasynathan, Nalini. "Pathways to empowerment? Reflections on microfinance and transformation in gender relations in South Asia." *Gender & Development* 9(1): 2001.

<sup>44</sup> Yunus, Muhammad. "Preface, *Banker to the Poor*." Grameen Bank. Accessed at [http://www.grameen-info.org/index.php?option=com\\_content&task=view&id=211&Itemid=380](http://www.grameen-info.org/index.php?option=com_content&task=view&id=211&Itemid=380)

As stated by Goetz and Gupta, credit does represent a form of economic empowerment, which can elevate women's economic status within the family, as independent producers and providers of a valuable financial resource to the household economy.<sup>45</sup> Just as an improved economic status is crucial, I posit that the ability and freedom to make individual choices need to be considered as part of the framework of empowerment.

Therefore, non-formal education, or education in all other respects, should factor the social needs of women into equation. Measures that will speed up the agenda of empowerment include further investment into the future potential of women, by helping them to harness the power of digital development and to learn skills for expansion of businesses. More holistically, there should be a stronger push for gender mainstreaming practices, so as to keep the gender relations agenda in sight. In sum, a mutually reinforcing relationship between education and microcredit is crucial for Bangladeshi women to attain the freedom to empower themselves in the long run.

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<sup>45</sup> Goetz and Gupta, "Who Takes the Credit?" 47