Micro Credit and Women's Well Being: Grameen Bank as Compared to Work Force Opportunities in Bangladesh

by

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A Masters Project submitted to the faculty of the University of North Carolina at Chapel Hill in partial fulfillment of the requirements for the degree of Master of Regional Planning in the Department of City and Regional Planning.

Chapel Hill

2004

Approved by:

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Table of Contents

List of Tables

List of Figures

Section A Introduction

The purpose of this paper is to explore the ability of a micro credit institution, the Grameen Bank, to use loans to improve the well being of poor women in Bangladesh. Drawing on articles and case studies of Grameen as well as the typically available employment opportunities for women in Bangladesh I will compare micro credit and labor force employment in terms of their ability to improve women's lives. Program success can take many forms including increased income, increased ability to educate children, improved nutrition, increased ability to influence household decisions, etc. For this analysis I have chosen to focus on the following measures:

- Where are women making their loan investments and in what jobs are they working?
- How able are women to control the use of their loan money or their work force decisions?
- How able are women to challenge existing household relations and influence household behavior, specifically in the case of domestic violence?

I have chosen the above criteria from secondary data that were readily available on women in Bangladesh with the goal of balancing the criteria among different areas to provide a more complete picture of women's income generation in Bangladesh. The goal of this analysis is to determine how different income generation opportunities for women compare and what this means for policy makers trying to improve the lives of women in Bangladesh.

This paper is divided into six main sections, which are then subdivided. The first section is the Introduction. The second, Background, provides information on: the advantages of targeting anti poverty programs towards women, reasons for focusing on economic or income generation projects, and reasons for focusing on micro credit generally and Grameen Bank specifically as a strategy for income generation. This section will also explain the specifics of

Grameen Bank and provide information on the status of women in Bangladesh. The third section, Hypothesis, explains my thoughts on Grameen Bank and its ability to improve the lives of women prior to conducting this research. The fourth section, Data and Analysis, will present and discuss secondary data regarding the two types of income generation being compared, micro credit, and work force participation. The fifth section will draw conclusions from these data. Finally, I have developed a list of policy recommendations based on my research for this project. Some apply specifically to Grameen, while others are more general recommendations for micro credit programs at large. Because they do not all pertain directly to the analysis in this paper, I am including them as an appendix rather than as part of the text.

Section B Background

Section B Part 1 Why target programs towards women?

First I would like to discuss the various reasons for targeting anti-poverty programs directed towards women. One of the most obvious reasons is that women tend to fare worse in poverty than men. In patriarchal societies, such as Bangladesh women receive a lesser portion of household resources. As a result they face decreased educational opportunities, access to medical care, and nutrition[1]. These discrepancies have a great deal to do with the high level of poverty in Bangladesh. For example, households with limited resources must choose between educating sons and daughters. This choice is exacerbated by the dowry system under which men must marry women that are less educated than themselves. The result is that increased education for women leads families to have to pay higher dowries for their daughters. The social norms that govern Bangladesh have an even more serious impact on the lives of women in poverty. For example, within households it is customary for men to eat first and to receive the best food. In a household facing food shortages this results in women eating the worst available food and in small quantities[2].

Supporting data can be found in the Human Development Index, which presents the following information on women in Bangladesh. Both women and men have a life expectancy of 60 years while in neighboring Sri Lanka women are living almost 6 years longer[3]. The literacy rate is 30.8 for women and 49.9 for men, and women earn 43.5% less than men[4].

This decreased access to resources leads to women that are very dependent upon men for financial support. This dependence is the second reason for targeting programs towards women.

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[1] Agarwal, 28
[2] Todd, 196
[3] United Nations Development Program, 311-312
[4] United Nations Development Program, 312

Adult women without a male supporter are faced with lower household earnings because of limited labor market opportunities resulting in household earnings and expenditures approximately half the size of those found in households with adult males[5]. This problem is exacerbated by the large age difference between husbands and wives, which results in a large widow population. Among widows, women with sons are slightly better off, but they often have to compete with their daughters in law for access to their son's resources. Women with husbands are still not totally secure because they face the possibility that their husband will chose to send them back to their family or will decide to take additional wives, thereby decreasing their claim to his resources[6]. The result is that women, because of their decreased income earning opportunities, are in a precarious position throughout their lives.

Aside from the poor position of women in Bangladesh, there are also strategic reasons for targeting anti poverty programs towards women. Studies on income transfers show that money given to women results in greater improvements in child health and nutrition, decreased fertility, and increased spending on health, education and housing than money given to men[7]. Evaluations of the uses of earned income tend to reflect the same. According to Agarwal, "women of poor households typically spend almost all of their incomes to purchase goods for the family's general consumption and for the children; men usually spend a significant part on their personal needs (tobacco, liquor, etc.)" (28) According to the World Bank,

> "In Cote d'Ivoire a doubling of household income under women's control reduces the share of alcohol in the family budget by 26 percent and the share of cigarettes by 14 percent. In Guatemala it takes fifteen times more spending to achieve a given improvement in child nutrition when income is earned by the father than when it is earned by the mother." [8]

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[5] Amin, 230
[6] Amin, 230
[7] Thomas 1990 and 1993, as quoted in Hart, 16
[8] World Development Report Investing in Health, 41

Therefore, if the goal of a policy is to improve the lives of families or households it seems that directing resources towards women leads to the highest return.

In addition to the fact that women have preferences that are more desirable to policy makers it is often found that project administration is easier when women are the recipients. In an analysis of Grameen Bank, Rahman found that bank workers prefer to deal with women because men "do not come to meetings, they are arrogant, they argue with bank workers and sometimes they even threaten and scare the bank workers." (69) Additionally, women are often more experienced in financial matters because of their role as the family bank.[9] Because women's work is concentrated in the home they are responsible for keeping the money safe while also making household purchases during the day. The result is that women have a better sense of the cost of goods, the household budget constraint and the needs of the family. This translates into better understanding of the lending practices of institutions such as Grameen.

I raise these different issues to highlight my own choice of a program focused on women for this project. While there is no silver bullet for the problem of poverty, women have much to offer. Redirecting resources towards them can improve gender equality, better the lives of children, and help decrease overall poverty, while also decreasing some of the challenges of project implementation.

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[9] Todd, 80

Section B Part 2 Why focus on economic projects?

After identifying women as the group I was interested in there are still different types of projects to choose from, including those focusing on health, education, and income generation. Health projects can be designed with outcomes including improved nutrition, vaccination, family planning, health education, reproductive health, etc. Education projects can also have a variety of focuses including increased education for girls, improving student attendance and performance by improving health, and increasing scholastic opportunities for the very poor. Finally, projects that are economic or focus on income generation include micro credit, improved access to jobs through increased job training for women, or improving women's ability to own and hold property.

For this paper I have decided to focus on economic projects for two reasons. First they allow women to improve their economic position, which can in turn lead to improved access to education and improved health. In a report by the World Bank in 1993 entitled Investing in Health, the authors identify income growth – particularly of the poor as a key development to improve health in developing countries[10]. Increases in income allow the poor to purchase "basic necessities, particularly food and shelter, which yield especially large health benefits."[11] Similarly, expenditures on education are positively correlated with increases in income. In an analysis of women in Bangladesh, Todd recorded the following, "As far as they can go and as far as I can afford" regarding the level of education a respondent would pay for her children.[12] Thus, it seems that even if improved health or education are policy goals, the most effective way to achieve them may be via income generation projects. Furthermore, increased incomes, as

[10] World Development Report Investing in Health, 36
[11] World Development Report Investing in Health, 40
[12] Todd, 198

opposed to health or education programs, allow the household to decide where its income is most needed, which may lead to a more efficient realization of health or education improvements.

The second reason for my focus on income generation projects is because of their impact on women's bargaining power within the family. Although different models of intra household bargaining exist, in the case of patriarchal societies, such as Bangladesh, a model of cooperative conflict is considered most appropriate. In this model "each family member has input into the decision-making process, where the weight given each person's input depends upon his or her opportunities outside the family."[13] These opportunities are affected by many factors, the primary one of which is income because it increases a woman's ability to support herself. Given the dependence of women on men for both physical protection and financial support in Bangladesh, women have low bargaining power when compared to men, and therefore, the household is unlikely to perform in a way that reflects their preferences. One way to reverse this effect is to increase income generation opportunities for women, which would increase their relative contribution to the household income, resulting in increased bargaining power.

To conclude, the ability of income to improve women's decision making power within the family is critical when developing an anti poverty policy and should be seen as an iterative process. Increases in women's income increase the likelihood that the operation of the household will reflect their preferences. As stated in the section B1 of this paper, women demonstrate preferences for goods that benefit the household as a whole, such as health, education, and housing, and when income is in their control less is spent on goods such as alcohol and tobacco. Thus, increasing women's income will lead to better outcomes for the family as a whole in all areas. When compared to projects that focus on health or education,

[13] Gray, 628

income generation projects appear to be the ‘better buy’, leading to greater positive outcomes in more areas.

Section B Part 3 Why Micro Credit?

Having narrowed my choice of poverty strategies to economic projects focused on women, I will now discuss my choice of micro credit. The idea of focusing economic development projects towards women began in 1975 with the United Nations’ declaration of a Decade for Women. During this time the United Nations’ mandate was “to increase women’s economic participation in development” and move away from welfare oriented projects (i.e. projects that provide information or education to women within their roles as homemakers and parents).[14] However, when researchers evaluated the projects that were created to meet this mandate they found that the majority of projects failed in terms of their ability to increase women’s incomes. Buvinic describes two such cases, the first in Kenya:

> “In 1979 a private voluntary agency set up an income generation project for rural women in Western Province in Kenya. A group of 50 women was organized into a cooperative to produce potholders from banana fiber rings for sale in Nairobi. Two years later the women were losing .50 Kenya shillings (US $.05) for every potholder they produced and sold, not even including the implicit cost of their labor. (The unit cost of the fiber was 3.00 shillings and the retail price of the potholders was 2.50 shillings.) Moreover, capital that had been donated to finance and replicate the project through a revolving fund had been depleted. The project, nonetheless, continued operating.” (654)

And in San Jose, Costa Rica:

> “In this case 38 poor urban women had received a donation of five industrial sewing machines, had taken an industrial sewing course, and had produced a stockpile of children’s school uniforms. Unfortunately, not a single uniform had been sold. Aside from their labor, the women had invested cash for rental of a workspace and purchase of materials and were deeply in debt.” (654)

These examples highlight two common failures of income generation projects. The first is a case of women being unable to enter the market competitively. They were producing goods

[14] Buvinic, 653

for which there was a market, however they were unable to produce those goods at the current price. The second case failed because it assumed that there was demand for the goods that would be produced.

Buvinic finds that these failures occurred because of the project characteristics as well as the history of organizations that target women. Many agencies operating income generation projects make the assumption that 'female' tasks, i.e. weaving, sewing, etc. are easily transferable to all women and therefore should be the basis for the income generating activities women perform. This assumes a common knowledge and skill set across women in different locations. Additionally, agencies overlook the fact that certain businesses are better suited to certain locations because of the presence of unmet demand, cheap inputs, or low transportation costs.

Organizational history is also a reason for high failure rates among income generation projects. The UN's mandate, while offering guidance, did little to address the fact that most organizations currently targeting women had been designed to provide welfare and relief services[15]. The organizations that were now responsible for helping women to increase their incomes were accustomed to running projects that were never meant to be self sustainable. As a result, when the new income generation projects failed to generate income the supervising organizations saw this as a continuation of the status quo, rather than a failure. The result was an inability of organizations to address project failure and the continuation of projects that had little to offer women in terms of income growth.

One of the key components of micro credit as a strategy is that it is focused on the provision of funds rather than job creation. It assumes that recipients possess valuable skills as well as knowledge of the market. In other words, women know what they can do and they know

[15] Buvinic, 658

what they can sell. While some micro credit programs provide skills training they tend to be based on understanding lending practices which can be applied to a range of job opportunities and do not require women to perform any one skill. Furthermore, micro credit institutions are basically lenders. As a result, repayment and therefore self sufficiency are organizational realities, not a new policy shift.

Section B Part 4 Why Grameen?

I chose to look at the Grameen Bank as my example of micro credit because of several different components of Grameen's lending system. The first component is their development and use of group collateral, which is designed to let the poor use their relationships to collateralize the loans they receive. Grameen has loan centers throughout Bangladesh, each of which contains approximately forty members who are then divided into groups of five borrowers. Each group is required to meet on a weekly basis to repay a portion of the loan they have received. While members are not required to pay back other members' loans in the case of default, bank staff are able to require borrowers to stay at the center until all group members are present. As a result, borrowers in good standing will find defaulting borrowers and bring them to the center, making their default public while also allowing other members to exert peer pressure and encourage repayment[16]. While researchers have disputed the role of group collateral in ensuring repayment, as of January 2004 Grameen reported a loan recovery rate of 99.06% which is extremely high for any lending institution[17].

Another quality that made Grameen attractive for this analysis is its tenure in Bangladesh which makes an assessment of its ability to create long term benefits more applicable. Founded

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[16] Larance, 2
[17] Grameen Bank at a Glance, http://www.grameen-info.org/bank/GBGlance.htm, and Jain

in 1976 Grameen now serves over 3 million lenders[18]. The bank has also grown in terms of the types of loans it provides. Grameen's primary loans are made for one year and after the repayment of one loan, members become eligible for a second, larger loan. Additionally, the Bank makes seasonal loans to cover the heightened expenses facing households during harvest time as well as education loans and loans for tube well and latrine construction. Grameen has also expanded into the area of service provision. Examples include Grameen Telecom which trains a small number of borrowers, typically one or two per village, to rent cellular phones within their community and Grameen Shakti, a solar power provider. These attributes of Grameen make it one of the most relevant organizations to evaluate because it presents a 'best case scenario' for the type of benefits a micro credit organization can create. As a result, I will be able to compare work force employment and the benefits it provides to women with an organization that is widely known and recognized for offering similar benefits.

An additional reason for focusing on Grameen is because the bank focuses on social issues and women's development as well as the provision of credit. All borrowers are required to come to their bank center each week to pay their loan installment. In addition to being a time to repay their loans Grameen lending is structured so this time also helps advance women socially. For example, bank members call women by their names during weekly meetings. While simple, this is significant because when women marry they tend to relocate to their husband's village, where their first names are not used. For example, a woman is referred to as 'mother' by her children, 'sister' by her husband's siblings, 'daughter' by her husband's parents, and 'wife' by her husband. In many cases women go years without hearing their name, and in

[18] Grameen Bank Monthly Update in US $: December 2003, http://www.grameen-info.org/bank/DecemberUS$03.htm

some cases it is forgotten by the family completely[19]. Weekly meetings also allow women space and time to interact and form networks with people from outside their husband's family and home. Because each bank center has eight groups of borrowers, women are able to meet and associate with a larger group.[20]

In addition to trying to increase women's empowerment generally, Grameen targets some behaviors specifically, through the use of a 16 point social charter, which states the following:

1. We shall follow and advance the four principles of Grameen Bank --- Discipline, Unity, Courage and Hard work – in all walks of our lives.

2. Prosperity we shall bring to our families.

3. We shall not live in dilapidated houses. We shall repair our houses and work towards constructing new houses at the earliest.

4. We shall grow vegetables all the year round. We shall eat plenty of them and sell the surplus.

5. During the plantation seasons, we shall plant as many seedlings as possible.

6. We shall plan to keep our families small. We shall minimize our expenditures. We shall look after our health.

7. We shall educate our children and ensure that they can earn to pay for their education.

8. We shall always keep our children and the environment clean.

9. We shall build and use pit-latrines.

10. We shall drink water from tubewells. If it is not available, we shall boil water or use alum.

11. We shall not take any dowry at our sons' weddings; neither shall we give any dowry at our daughters wedding. We shall keep our center free from the curse of dowry. We shall not practice child marriage.

12. We shall not inflict any injustice on anyone; neither shall we allow anyone to do so.

13. We shall collectively undertake bigger investments for higher incomes.

[19] Larance, 2
[20] Larance, 2

14. We shall always be ready to help each other. If anyone is in difficulty, we shall all help him or her.

15. If we come to know of any breach of discipline in any center, we shall all go there and help restore discipline.

16. We shall introduce physical exercise in all our centers. We shall take part in all social activities collectively.[21]

Grameen requires that each borrower memorize and practice the 16 decisions. While some of these are quite general, i.e. prosperity we shall bring to our families, the Bank feels that they help raise the social awareness of borrowers, which helps maximize the gains individual borrowers receive from Bank membership[22].

A final reason for focusing on Grameen is because of its move towards financial sustainability. The Bank was originally financed by its founder, Mohammed Yunus and by the government of Bangladesh.[23] Since that time the Bank has relied as little as possible on donor funds. Grameen made its last request for assistance in 1995 with receipt of the last loan installment occurring in 1998. Additionally, the Bank is not accepting any funds from local sources and has stated, "GB's growing amount of deposits will be more than enough to run and expand its credit program and repay its existing loans."[24] In a field where projects fail with regularity the ability of Grameen to move in the direction of self-sufficiency is impressive. Thus, the Bank's development of group collateral, long tenure, focus on the improvement of women's well being, as well as its self sufficiency, made it the ideal organization to study.

[21] The Sixteen Decisions of Grameen Bank, http://www.grameen-info.org/bank/the16.html
[22] Credit Delivery System, http://www.grameen-info.org/bank/cds.html
[23] A Short History of Grameen Bank, http://www.grameen-info.org/bank/hist.html
[24] Grameen Bank at a Glance, http://www.grameen-info.org/bank/GBGlance.htm

Section C My Hypothesis

I first began to research the Grameen Bank as part of an independent study on micro credit as a poverty alleviation strategy. Initially I was not focused on any institution in particular, but Grameen continually reappeared in my research because of its longevity and the amount of attention it has gotten from researchers. My reasons for focusing on Grameen are highlighted above and I began to develop a research question based on my preliminary reading and the themes that emerged.

I became interested by the idea of what types of businesses women were creating with their loans and examination in this area showed me that many borrowers did not actually control or use their loans themselves, but instead gave the money to a male relative for his use in business creation.[25] This finding caused me to think that if women were not using the loan money themselves, perhaps the real benefits from Grameen membership were the result of women's interaction with each other and the increasing freedom they gained from being able to attend meetings outside their household. I began to focus on the social benefits resulting from Grameen membership and read articles that highlighted women's increased mobility and status as the primary benefits of membership.[26] I also started to wonder about the relationship between the women receiving the loans and the men that they gave them to. How does the loan money affect this relationship, does it make women better off? Does the money they bring to the family raise their bargaining power and allow them to exert more of their preferences over family expenditures? I thought so. Thus, my hypothesis was that women who participated in the Grameen Bank would be better off than non members, and this improved well being would come from two sources – the group meetings would lead to increased status within their community

[25] Rahman, Goetz
[26] Larance

and providing funds for a family member would lead to increased status and bargaining power within the family.

To evaluate my hypothesis I needed a baseline that I could use to compare Grameen with some other “non Grameen” state. For this I chose work force employment. In the next section I will present data from several different areas to provide a picture of women’s well being. These data include:

- What are women doing with their loan money and what types of jobs do they participate in within the work force?
- Women’s ability to make decisions regarding their income generation strategy – are Grameen Bank borrowers able to use their loans themselves? Are work force women able to decide when and how they will participate in the work force?
- Women’s ability to influence non income based household decisions – specifically, decisions that lead to domestic violence.

Section D Data and Analysis

Section D Part 1 Loan Use and Job Type

The first set of data that I will examine deals with the differences in occupation between women engaging in work force employment and women that are members of the Grameen Bank. For this analysis I am using data from several sources including: the Grameen Bank's 2002 Annual Report, which shows the number and amount of loans taken out for various activities as reported by borrowers to Bank staff, analysis performed by Helen Todd in two rural villages in Bangladesh which show what borrowers report as the uses for their loans as well as what they actually use their loans for, and data on women's work participation among the urban poor of Dhaka as reported by Salway et al.

I must begin with a few caveats. First, these data come from different points in time, 1992, 2002, and 1997 respectively. Second, these data were collected using different methods; some was self reported by borrowers, some was observed by researchers, and some was assembled through the use of structured surveys. Third, the categories in each data set have different employment classifications making direct comparisons more difficult.

Additionally, some data are drawn from rural areas and some from urban areas. Since the Grameen Bank operates throughout Bangladesh, but is concentrated in rural areas, Table 1 presents data that is weighted towards rural women. Table 2 presents data taken from two rural villages, while Table 3 presents data from the urban poor of Dhaka. I argue that these discrepancies are not problematic, because they reflect the reality of women working in Bangladesh. Specifically, few work force opportunities exist for rural women outside of household farming so, for women to engage in other non Grameen work force employment, they often have to relocate to urban areas. As a result, these data reflect the different choices that women face – Grameen Bank membership in rural villages versus relocation and work force employment in urban areas.

Table D Part 1-1: Top 25 Items in Order of Loan Amounts for which Members Took Loans

	Number of Loans		Amount of Loans (Taka)	
Activity	**Approved**	**%**	**Approved**	**%**
Milch Cow	311831	17.96	2329722518	20.41
Cow Fattening	420915	24.24	1911207198	16.75
Grocery Shop	131935	7.60	960362467	8.41
Paddy Husking	137403	7.91	851725643	7.46
Rice/Paddy Husking	116714	6.72	794867053	6.96
Bamboo Works	89577	5.16	723271640	6.34
Land Lease	72698	4.19	558356735	4.89
Bullock	53172	3.06	386418298	3.39
Paddy Cultivation	46311	2.67	305987600	2.68
Clothes Trading	29208	1.68	253783716	2.22
Stationary Shop	32079	1.85	249586728	2.19
Vegetables Trading	33831	1.95	236974016	2.08
Vegetables Cultivation	23593	1.36	205074523	1.80
Betelleaf Cultivation	25238	1.45	201330489	1.76
Land Cultivation	17959	1.03	170077112	1.49
Pisciculture	20312	1.17	165104326	1.45
Rickshaw	26022	1.50	164467843	1.44
Fish Trading	21902	1.26	159480142	1.40
Cane Works	17510	1.01	146857091	1.29
Pulse Trading	14511	.84	123403236	1.08
Poultry Raising	24654	1.42	109187143	.96
Stationary Goods	19441	1.12	106646869	.93
Timber Trading	13987	.81	102158798	.90
Puffed Rice Making	15252	.88	99242728	.87
Biri Making	20392	1.17	98127986	.86
Total	1736447	100.01	11413421898	100.01
Source: **http://www.grameen-info.org/annualreport/2002/la-top25.htm**				

Table 1 shows that Grameen Bank members are taking loans primarily for cow related businesses, either milch cows, which are raised for the milk they produce or beef cows, raised for meat production. Other food related expenses that are highly represented include selling groceries, and husking paddy or rice.

Table D Part 1-2: Loan Use Approved and Actual

	Number of Loans				Amount of Loans (Taka)			
Activity	**Approved**	**%**	**Actual**	**%**	**Approved**	**%**	**Actual**	**%**
Paddy Husking	20	50	0	0	73,500	38	0	
Paddy Husking and Cow	8	20	0	0	46,000	24	0	
Cow	7	17	4	10	42,500	22	19,300	10
Ghani (paddy grinding tool)	4	10	2	5	23,000	12	5,760	3
Grocery	1	2	0	0	5,000	3	0	
Ghani/Sweet making	1	2	0	0	5,500	3	0	
Land Transaction			20	49			70,320	36
Loan Repayment			16	39			24,720	13
Paddy Stocking			12	29			27,134	14
Lending			7	17			6,849	4
Rickshaw			3	7			6,137	3
Dowry/Wedding			2	5			5,075	3
House Materials			1	2			4,680	2
Others							8,192	4
Not Known							16,833	9
Total	41	100	67*	163*	195,500	100	195,000	100
Note: These columns do not sum to 41 and 100 respectively because not all loans observed had been given in the period of loan approval.								
Source: Helen Todd, Women at the Center, 24								

Table 2 supports the information shown in Table 1. The businesses for which loans are most commonly taken out revolve around the raising of cows or paddy husking. However, this table also shows what women were actually using their loans for. Land lease, which represented only 4% of the total loans taken in Table 1, is the most represented category with 49% of loans being spent in this category.

Table D Part 1-3: Percentage Distribution of Occupation Type Among Women's Work Population (Age 12 Yrs+)

Occupation Type	%
Rickshaw Puller	0
Other Transport Laborer	0
Garment Factory Worker	31.6
Housemaid/Domestic Servant	27.4
Hawker/Street Trader	5.8
Manual Laborer (including brick-breaker, earth digger)	12.4
Crafts Worker/Skilled Manual Worker	1.1
Shop Owner/Shop Worker	3.5
Messenger/Sweeper (salaried post)	3.1
Cook/Food Producer/Restaurant Worker	4.7
Other Factory Worker	.7
Landlord	.7
Rickshaw Owner/Scooter Owner	.4
Beggar	.9
Other	7.7
Sum	100
Source: Sarah Salway et al., A Profile of Women's Work Participation Among the Urban Poor of Dhaka, 885	

Table 3 shows the types of occupations of women in the workforce. The three highest ranking categories are garment factory worker, housemaid/domestic servant and manual laborer, with 32, 27, and 12 percent respectively.

In addition to providing descriptive information, these data say a great deal about the status of working and borrowing women. The first two tables show that there is a large discrepancy between what women say they are doing with their loans and what they are actually doing with them. It is the nature of this discrepancy that is the most telling. Both cow raising and paddy husking are activities of low productivity and minimal return to capital.[27] Land lease alternatively, offers one of the highest returns from investment. In addition to providing increased food security through farming, land can be leased to raise money via rent and when held in a woman's name can provide insurance in widowhood. But if women have found a better use for their loans, why not report that to the Bank? Most of theses borrowers did initially take

[27] Todd, 25

out loans with the intent of performing their declared uses, which are the types of work typically performed by women in rural Bangladesh. Borrowers quickly realized that they could gain a better return through the purchase of land or by financing a family members' business, both of which are frowned upon by Grameen Bank. As a result, women have continued to declare the original loan use because it is easier to gain a second loan for the same purpose for which the first was taken out.[28]

The data on employment in Dhaka show that women are concentrated in positions which, "when compared to poor men, offer significantly lower pay and more severe informalization."[29] Specifically, women earn an average of 712 Taka per month while men earn 1,939 Taka per month. Women also face a higher rate of outstanding wages, with 14% of women and 2% of men owed wages from the previous month.[30] The researchers attribute this concentration in low wage jobs to competing demands for women's time, such as household responsibilities. For example, women are expected to prepare meals for the household and handle all child care responsibilities. When women work outside the home, they are often unable to leave work in time to prepare meals or to take care of their children while at work. Grameen women, because they work from their home, experience greater flexibility and are able to perform household duties while also making use of their loans. Though both groups are performing two sets of tasks it is the inability to combine those tasks in a way that accommodates both which limits the fields in which work force women are able to participate. Thus, these women are highly concentrated in sectors with lower returns while Grameen Bank women have successfully moved from low return loan uses to high return loan uses.

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[28] Todd, 25
[29] Salway, 897
[30] Salway, 891

Section D Part 2 Ability to Control Use of Loans and Work Force Participation

The next data set that I will examine deals with women's ability to control the use of their loans or their participation in the work force. This topic is worth pursuing because it is important to understand women's ability to make decisions regarding the work they perform. For example, if women receive loans but are giving them directly to a male relative (i.e. a husband, brother, son, etc.) without any say in how the funds are used or participate in the work force but are told when and how they are allowed to do so, the benefits they receive from the income they earn are less likely to result in increased household bargaining power. To put this analysis in context, most Bangladeshis live in the husband's village after marriage. Though the couple often has their own home, relatives tend to live nearby, and the couple tends to interact with extended family members (uncles, aunts, cousins, grandparents) on a regular basis.

For this analysis I am again using data from multiple sources. The first table comes from an article by Aminur Rahman and shows the number of loans given to women by the person who controls the loan's use (Rahman,1999). The second set of data comes from a paper by Anne Marie Goetz and Rina Sen Gupta (Goetz, 1996) and shows the degree to which women control the loans they are given. The third table comes from Todd's book (Todd, 1996) and shows the nature of women's control over financial decision making within the household. The fourth table comes from Salway's article (Salway et al., 2003) on workforce participation in Dhaka and shows the percentage of women working by age.

Again, I must begin with caveats regarding these data. They come from different studies and were collected with different methodologies. The first table comes from a study of Grameen Bank members which was conducted in one village from 1994-1995. The second table comes from a study of women's lending institutions in Bangladesh with Grameen members as 20% of the sample, which was spread throughout five villages. Table 3 data was collected in 1992 among Grameen Bank members in two villages with a researcher who observed household behavior and then classified women into groups based on their degree of loan control. Table 4 data was collected in 1997 in an urban area. However, these data, because of their different sources, illuminate the question of women's control over loan use and work force participation. Because they come from different sources we are able to see the differences between whom women say use their loans and how researchers observe and classify loan control and use. With respect to work force participation, I do not have data that explicitly state whether or not women are able to decide for themselves whether or not to enter or leave the work force. However, I will discuss the conclusions of the researchers to that effect.

Figure D Part 2-1: Women's Loan Users

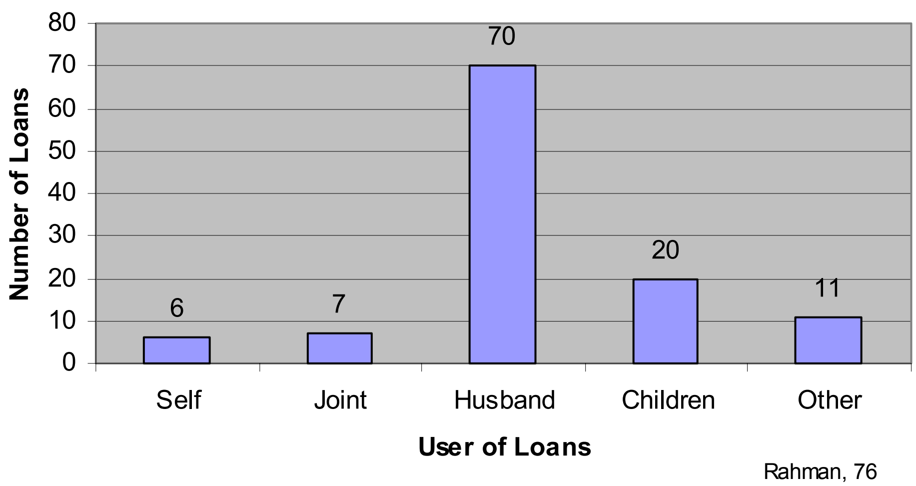


Figure 1 shows that women's husbands control the majority of loans given to Grameen Bank members. In total, women control only 5% of the loans they receive.

Figure D Part 2-2: Degree of Women's Control Over Loans

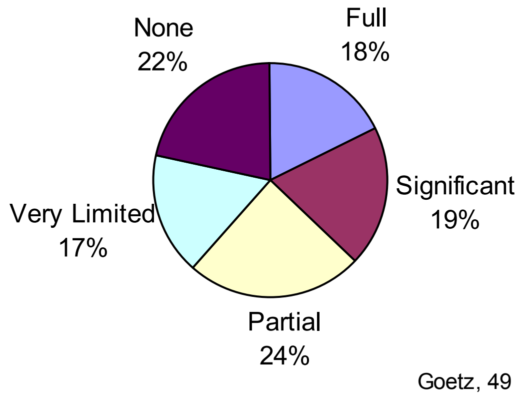


Figure 2 breaks down the degree of control women have over their loans among five categories. Full control is defined as governing the entire productive process, including marketing. Significant is defined as control over every aspect of the productive process with the sole exception of marketing; this is often the case in markets which are characterized as strongly masculine. Partial is defined as the loss of managerial control over the productive process, but the provision of substantial inputs of labor, for example where men provide raw inputs and women are unfamiliar with the sale prices of their goods. Very limited is characterized by minimal input to the production process, for example where women wash vegetables for men to sell. No involvement is defined as cases where women provided no labor for activities which are culturally ascribed as masculine and had no managerial involvement or cases where women stated that they did not know how their men had used their money.[31] Thirty seven percent of women had either full or significant control over their loans meaning that they were responsible for managing their use. Forty one percent of women had partial or very limited control meaning they contributed to the production process but did not manage the use of their loans. Twenty two percent of women had no control over the loans they received.

[31] Goetz, 48

Figure D Part 2-3: Central or Marginal? Influence Over Household Decision Making: Grameen (left) and Non-Grameen (right)

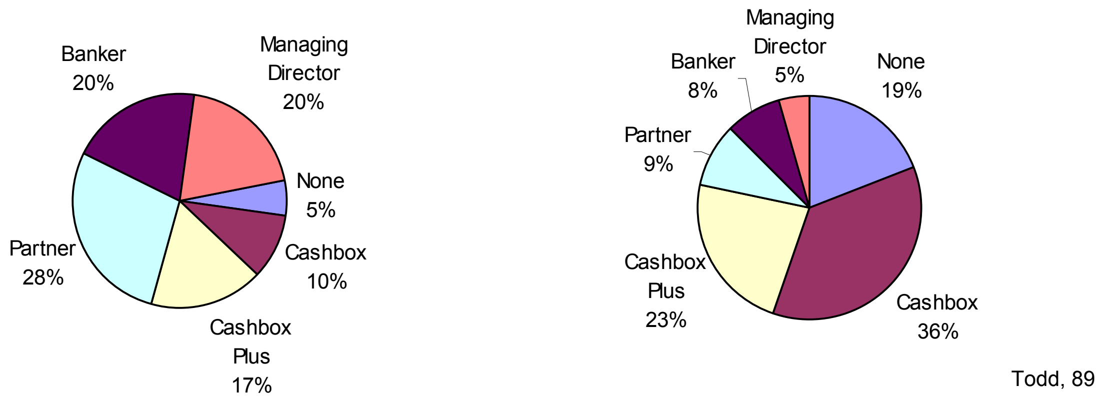


Figure 3 shows Grameen Bank members' and non members' status with respect to influencing household finances, including but not limited to loans. Women that are marginal in the management of the household are located in the "none" category. Cashboxes are defined as women who play the traditional domestic role of holding the money and safeguarding it, but who have little or no control over the use of it and little say in family decisions. The cashbox plus category includes women that hold and safeguard the money and have some influence over its use and some say in family decisions, although this influence is mainly confined to domestic matters. Partners define situations where husband and wife make decisions together in mutual consultation and the woman plays a central role in the management of the family. Bankers are defined in the same way, except that the woman's voice is dominant within the partnership. Managing directors are defined as women that make the investment decisions and manage the income or product of them, directing male relatives.[32] According to Todd's research sixty eight percent of Grameen Bank borrowers fall into one of the three categories where women play a central role in the financial management of the household. Only twenty two percent of the non Grameen group is located in the same three categories.

[32] Todd, 87

Figure D Part 2-4: Percentage of Women Working by Age Group

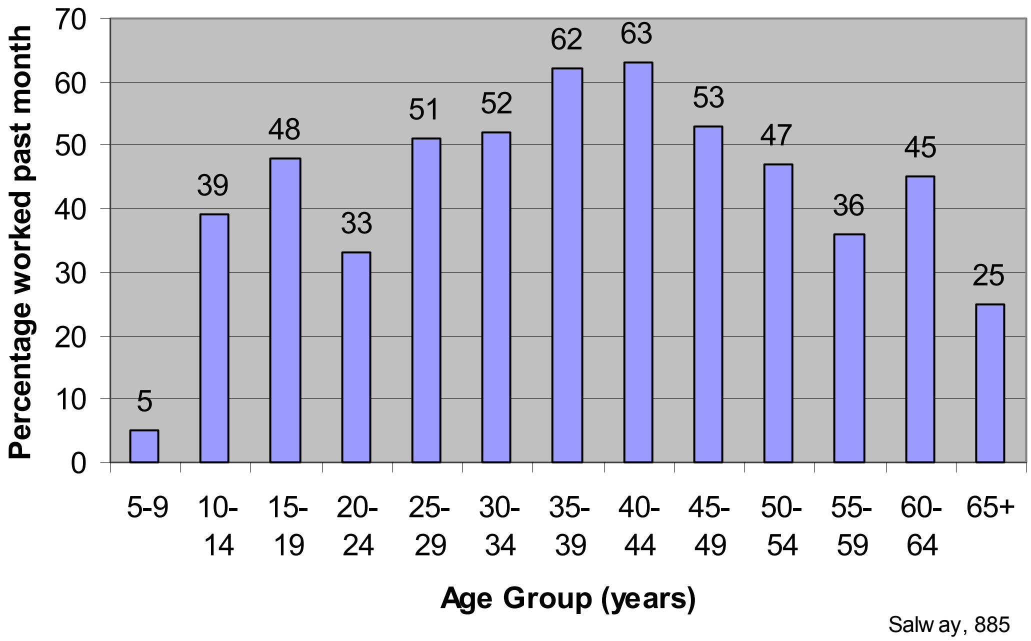


Figure 4 shows different data, percentage of women in the work force by age. I wish to highlight three data points in this table, those at ages 15-19, 20-24, and 25-29. Salway characterizes this dip from forty eight to thirty three to fifty one percent as representative of men's frequent control over women's labor, particularly in the early years of marriage[33]. During this time women are expected to be at their most obedient and to also prove their fertility. She further reports that over half of the respondents stated that their husbands would not allow them to work under any circumstances. Drawing on a case study household she writes,

> "Twenty year old Rozina had worked in a garment factory prior to her marriage a year ago. She continued working following marriage but after two months she was forced to do overtime and hence return home late at night. Her husband strongly objected to this and ultimately forbade her from working." (889)

Reasons given for restricting women's work force employment stem from concerns including decreased family status, concern over the running of the household, husband's self image as the

[33] Salway, 897

family provider, and the balance of power within the home[34]. Because of women's dependence upon husbands for both support and safety, these concerns often lead women to leave the work force.

What do these different groups of data say about women's ability to control the loans they receive and their own status in the work force? From Figure 1 it is clear that husbands have much to do with the use of women's money. However, the next two figures show that thirty seven and sixty eight percent of women are largely involved in their loan use. Why the discrepancy between data sets? One reason is that women often downplay their own role in the income generation process to preserve the concept of husbands as the provider. Additionally, the most common use of loans, land purchase, is not a highly visible activity for women. When a household acquires land it is either used for farming, which is a male dominated activity, or leased out, which is often done by men because of their greater social networks. However, the data presented in Data Analysis Section I show that women have chosen to direct loan use to traditionally male activities specifically because they bring higher returns.

This ability of women to strategically seek the highest returns is not reflected in data on work force participation where women appear to have little control over their ability to enter or remain in the work force, especially after marriage. One reason might be that women working outside the home are viewed as giving up part of their household responsibilities by assuming responsibilities outside the home. In contrast, Grameen Bank members are able to manage their loan investments from the home. While they are still performing two distinct tasks, they are better able to accommodate both in a flexible schedule. The result is that Grameen Bank members maintain the idea of husbands as family providers by continuing to perform their traditional household roles. While women's support of this traditional concept of men and

[34] Salway, 889

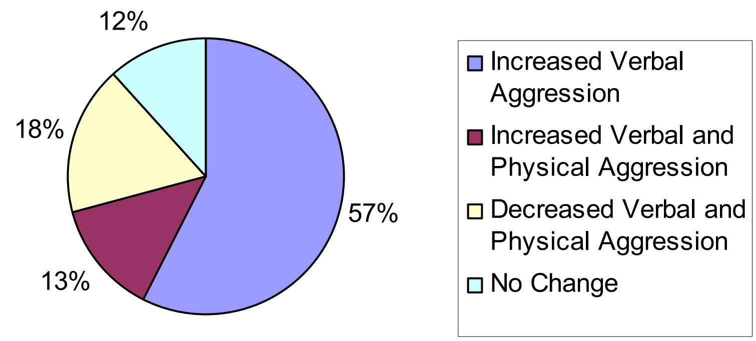
women within the household may diminish the recognition of women's work, it does appear that Grameen Bank members are playing a larger role in shaping the direction of their income generation.

Section D Part 3 Income Generation and Incidence Domestic Violence

The last set of data I will examine deal with women's income generation and domestic violence. These data will allow me to explore women's participation in the Grameen Bank or the work force as it impacts their power within the family. Other ways to examine this relationship could be to look at purchasing decisions, the use of contraception, etc. I have chosen to focus on domestic violence because data is more widely available.

I am again using a range of data sources including Aminur Rahman's article (Rahman, 1999) which discusses Grameen's impact on women's well being, Helen Todd's analysis (Todd, 1996) of two villages of Grameen Bank borrowers, and an article by Schuler et al. (Schuler et al., 1996) that deals specifically with credit programs and domestic violence in Bangladesh. The same caveats apply regarding these data. Some focus only on Grameen, while some include data on women in other loan programs and women not participating in loan programs but living in areas that have such programs. Data collection occurred in 1994-1995, 1990-1994, and 1992, respectively. Despite these differences I think these data allow for an interesting illustration of what is actually going on for women trying to earn incomes in Bangladesh.

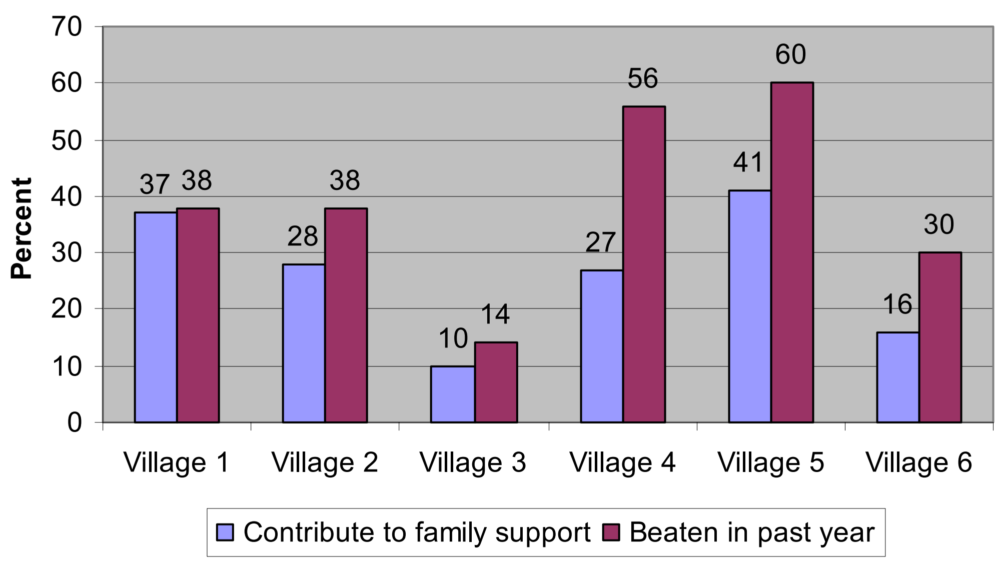
Figure D Part 3-1: Incidences of Violence



Rahman, 74

Figure 1 shows the changes in level of domestic violence resulting from women's involvement in micro credit programs in Bangladesh. Seventy percent of women reported increased violence as a result of their participation in Grameen Bank.

Figure D Part 3-2: Proportions of Women Beaten in the Past Year and Contributing to Family Support



Schuler, 1739

Figure 2 shows the average contribution of women to support the family and the percentage of women that were beaten in the past year by village. As the percentage of women contributing to the family income grows so does the percentage of women encountering domestic violence. Schuler writes,

> "Expanding women's access to economic opportunities and resources does not necessarily make them less vulnerable to domestic violence, at least not right away. Levels of violence against women can vary considerably from village to village and greater involvement of women in income-generation is sometimes associated with greater violence." (1739)

Schuler also reports that this increase in violence is often the result of changing household roles that occur when women begin to earn incomes. Her findings further indicate that after time women move towards increased status and power within the household. She quotes the following respondent,

> "My husband used to beat me up and take my money. Now he can beat me a thousand times and I won't give him any money. I tell him, "you had better not beat me too much – I can live without you." (1739)

Figure D Part 3-3: Female Contribution to Household Income, Grameen (left) and Non-Grameen (right)

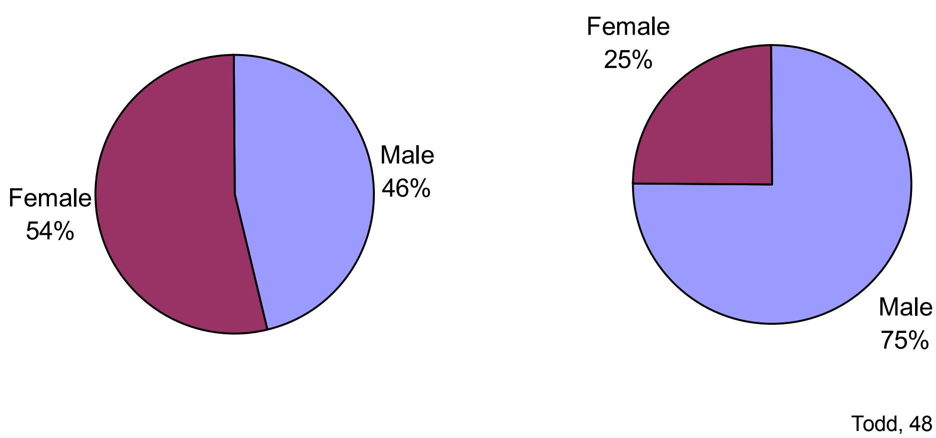


Figure 3 comes from Todd's book on Grameen Bank women and shows the relative contribution of women participating in Grameen as compared to those not participating by their contribution to the household income. Participants contribute 54% of the household income while non participants contribute 25%.

These data make three separate points. One, when women join the Grameen Bank they often face increased domestic violence. Two, as women's contributions to household income grows so does the amount of violence they face, although this is often only in the short term. Three, Grameen Bank members contribute over twice as much to their household's income as nonmembers. While I do not have data that focus solely on work force participation and violence, two of the three articles include both Grameen and non Grameen women in their sample. What these results say therefore is not that Grameen membership causes domestic violence but that Grameen membership causes income increases which cause domestic violence. In fact, Schuler writes the following:

> "As women begin to earn independent incomes and increase their mobility and autonomy conflicts often develop, particularly if there is no mitigating influence such as a *credit program*." (1739)

Thus, in either of the cases I am examining, Grameen Bank membership or work force participation, women's increased incomes will likely lead to an increase in the amount of domestic violence they face. There appears to be further evidence that Grameen Bank borrowers, because they are part of a formalized system where women interact with each other and Bank staff in an organization that is dedicated to improving women's well being, will be able to pass through this time of transition with greater speed and success. Specifically, the Bank is able to advocate for improved treatment of women as well as women's ownership of the assets they acquire through loan use. While this may not directly reduce the amount of violence women face, by joining Grameen Bank women are becoming part of an organization that is well known for its goal of improved well being for women.

Section E Conclusion

I will now examine my hypothesis and see what these data mean for the questions that I asked. Before beginning any analysis I thought that women who participated in the Grameen Bank would be better off than non members. Their improved well being would come from two sources – the group meetings would lead to increased status within their community and providing funds for a family member would lead to increased status and bargaining power within the family.

For the most part, my hypothesis was wrong. I do think that women participating in the Grameen Bank are better off than non members participating in the work force. However, I do not believe that attending group meetings and pipelining funds for a family member are leading to increased status within the family. The truth is actually more simple, women gain status by using their loans to generate income for themselves and their families. As women begin to do this, they gain power within the household, are able to have greater control over the money within the household and are able to assert their independence. Though they often form partnerships with men, women are playing a key role in deciding how their loans are spent.

The first data set showed women's loan use, actual and reported, and women's work force employment. These data showed that women in the work force were concentrated in the lowest return sectors, which did not surprise me. What was surprising was that while women's reported loan use was also concentrated in the lowest return sectors, women were moving into higher return sectors and misleading Bank staff in the process.

The second data group showed that many of women's loans were 'used' by men, as well as that many women were engaged in partnerships with their male relatives in the use of these loans. To me, these two groups of data present Bangladeshi women as a group that understands how to make money, how to work the banking system, and how to most effectively engage male relatives in the process. The picture that I anticipated, that of women bringing funds into the household which they then relinquished to men with the result of increased bargaining power may be the case for some borrowers but on the whole underestimates the ability of these women to act strategically to improve their lives. A more realistic picture shows women that are aware of the social realities they face but are also willing to challenge these realities in an informed way. While women are willing to redirect their loans towards men because they see that as an area of higher return, they are also beginning a process of challenging household power relations.

Women in the work force are facing quite a different situation. What I didn't realize prior to conducting this analysis was that women's entry into the work force would be a battle in and of itself. These women are seen as openly challenging power relations while also forsaking household responsibilities. Women's participation in the Grameen Bank however does not immediately appear to challenge existing power relations nor does it result in decreased performance of household duties, because it allows women to work from home. The key differences between these two types of work are how they affect women's appearance within the household in the short term and how this affects women's long term ability to change household power relations.

While work force women are bringing money into the household it is clear that many men prefer the status quo, even if it means less income for the entire household. They often see the loss from having wives work outside the home as greater than the resulting income gain. As a result, women are not able to move to a point of being able to challenge household relations, because they are not even able to decide when and how they will participate in the work force.

In the case of Grameen Bank membership women are not seen as challenging existing household relations. Moreover, male relatives see themselves as profiting directly from loan money because they can help decide how that money is used. Men have a stake in whether or not a female family member continues to receive loans and as a result they are as invested as women in repaying existing loans. Thus, Grameen families and their management of household funds are characterized by a greater degree of partnership than that which exists in families where women are part of the work force.

Thus, Grameen women are contributing funds to the family in a way that is less visible than participating in the work force and does not immediately challenge household relations. Before conducting this analysis I would have thought that this scenario was the worst possible situation for women. Again, what I failed to realize was that this process takes time; for women to be able to challenge anything they have to first be able to participate. Most work force women never reach this point. However, the higher levels of household income contribution by Grameen women along with the domestic violence levels indicate that Grameen women are both contributing to the family while also beginning to challenge household norms.

While I certainly would not argue that increased violence is good for women, I will say that it indicates a change in household power relations in the favor of women. Schuler writes,

> "Women who earn modest amounts of income and/or have some independent assets of their own are more likely to be beaten than women who have nothing of their own and are completely dependent on their husbands. Since they have nothing, the latter have nothing to fight over and there is nothing to take away from them. Those who are least empowered and most dependent tend to be so insecure that they go to extremes to avoid provoking their husbands." (1739)

Thus, increased violence will face women irrespective of whether they participate in Grameen Bank or some other income generation project. However, the nature of Grameen Bank allows women to sidestep some of the triggers of increased violence, such as the appearance of neglecting household duties. Therefore, my hypothesis does not reflect the reality that women in Bangladesh face. It is loan funds and the income they help to generate in combination with the ability to make incremental changes to household relations while appearing not to be making them that allows women to become better off.

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Appendix A   Policy Recommendations

One of the goals of this analysis was to say something about what policy makers should consider when trying to create successful micro credit programs. Below is a list of the recommendations that reflect what I have learned from this analysis.

1. Women know which investments offer the best return for their resources; allow them to make this decision themselves.
2. Allow women to involve husbands and male relatives (fathers, sons, and extended family) in the use of loans. This will likely be the most efficient outcome because it will allow women to move to higher return loan uses while also making incremental steps to improved bargaining power. Forcing women to stand up to male relatives immediately will likely result in women being forced to quit the Bank.
3. Understand the household demands that are placed upon women. Encourage women to invest money in ways which allow them to meet their responsibilities as household members and borrowers.
4. Help protect women from exploitation during the transition period. Land and assets that are acquired, though they might be managed by men, should be placed in women's names.
5. Continue to hold borrower group meetings regularly. Allow women to discuss their investments.
6. Have an education and women's development component to the organization. Even though change occurs slowly allow the organization to stand for these goals.

7. Be willing to make a long term investment to an area. Benefits to women will accrue only if households believe that they are part of an organization that will stay in the community.