Revisiting Microcredit/Microfinance as a Development Strategy for an Inclusive Growth: A Global Perspective

A Workshop on Women, Culture, and Development

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OVERVIEW

The World Bank estimates that 1.4 billion people worldwide live on less than $1.25 a day. Of these, approximately 70% are women. Microfinance, in the form of services such as savings and uncollateralized credit extended to the poor, has been lauded as a powerful vehicle for reducing global poverty and empowering women. From its inception in the 1970s with the Grameen Bank in Bangladesh, microcredit continues to be the primary instrument of an expanded number and kinds of micro-finance institutions (MFIs), and women continue to be the primary recipients. In countries around the world, businesses, NGOs, governments, and private individuals now provide funds to some 7000 domestic MFIs that have expanded their outreach from a few thousand clients in the 1970s to over 150 million today by some estimates.

The attention garnered by this impressive growth and international acclaim has invited greater scrutiny by academics, policymakers, and development practitioners in an attempt to determine the direction and scope of economic and social impacts generated by microcredit. With funding for development greatly impacted by the current global economic crisis, the international community has begun to debate the pros and cons of microfinance as the best approach for lifting people out of poverty.

WORKSHOP GOALS

This workshop brought together social science scholars and members of civil society involved with microcredit organizations to examine the present realities and future challenges of microfinance as it moves from the margins of the financial system to the mainstream. Assessing progress toward the twin goals of poverty alleviation and the empowerment of women, workshop participants considered these complex issues from the ground-level perspective of the providers and recipients of microfinance programs in India, Bangladesh, Pakistan, the Philippines, Vietnam, Iran, Egypt, Haiti, and the U.S. Their analyses examined the ways in which local and global exigencies influence outcomes in the context of social and economic processes that are both increasing global integration and weakening social safety nets.
**ONE SIZE DOES NOT FIT ALL**

It has become apparent that local and regional differences in the problems faced by women and the poor require different development strategies. "Better-off," or "entrepreneurial poor," may benefit from microcredit for entrepreneurial activities. But for the “extremely poor” microcredit may reduce vulnerability to some degree, however, it is insufficient to lift them above the poverty level. For this latter group there is a need for more flexible financial help to further reduce vulnerability, smooth income and consumption, and simply survive. While microcredit has primarily targeted the entrepreneurial poor, more remains to be done to address the needs of the very poor with services such as savings, micro insurance, and emergency loans.

Speaking to these local and regional differences, Marsha Bailey, CEO and Founder of Women’s Economic Ventures, described how poor women in developed countries face a different set of obstacles to achieving success on a significant scale than those in developing countries. While the Grameen peer lending model has proven fruitful among some groups in the developing world, it has not met the needs of low-income entrepreneurs in the U.S. where there is little public funding or awareness of microenterprise development. As a result, microenterprise groups have had to devise their own individual programs to serve a variety of constituencies, and struggle to raise a patchwork of funds to support their training and lending programs. Starting from the premise that more money equals more power, Bailey described how her organization focuses on increasing women’s access to capital, which is one of the major barriers to women’s economic advancement in the U.S. She also emphasized the need for business training. Unlike many members of microcredit groups in the developing world, poor women in the U.S. are educated; however, they have no business expertise. In addition, in contrast to the group approach practiced in Asia, the approach in the U.S. is oriented toward the individual.

In Peru, on the other hand, government and non-governmental institutions are involved in attempts to facilitate microenterprise development. There, almost 70% of the urban poor are engaged in micro-enterprise, 48% of whom are women. Nonetheless, it has failed to become a consistently viable source of income. This is largely due, Brooke Weddle argued, to a lack of understanding about the role that gender plays in this sector. In this, Weddle spoke to an important recurring theme in the workshop: the salience of various kinds of social capital for women. Weddle noted the disproportionate lending to men, even though women actually produce higher returns and repayment rates despite their disadvantages in education, access to credit, and the burden of household labor. She explained how women’s more effective use of certain kinds of social capital and microcredit serve to “level the playing field” with respect to economic outcomes. Weddle argued that taking these gender differences into account in microenterprise policy would help women and men in this growing sector to develop more sustainable businesses, and thus increase the economic survival of millions of people in Peru and other developing countries. She pointed out how gender parity would produce significant gains for both
recepients and lenders, and provided several practical policy recommendations, among them, educating MFIs about these losses and potential gains, developing programs and offering incentives to banks that would minimize the barriers that women face, increasing education and training, and tailoring microfinance more specifically to different recipients. The last two points, the need for training, and adapting microfinance to specific needs, were significant themes that emerged in the workshop for both developed and developing societies.

Weddle’s analysis is a contribution to one trend in recent decades that has been given impetus by the microcredit movement, and that is the growing realization by governments and development practitioners of the important role of women in successful development. Another significant trend has been the movement of microfinance institutions from the fringes of the financial system to the mainstream. The frontline experience of professionals such as Jean Weidemann, President of the Weidemann Foundation, in bringing these two things together—that is, integrating gender issues into the center of international economic development and microfinance—provides valuable insight and expertise in the design of microfinance pro-

grams for women as a strategy for women’s empowerment, poverty alleviation and inclusive economic growth. Pointing out that economic wellbeing is connected to all aspects of life, Weidemann offered several suggestions for best practices based upon her more than 35 years of experience in 30 countries. These principles and guidelines that have been developed in a broad range of programs in different parts of the world, included things such as respect for the individual recipients including privacy concerns, lender transparency, the need to include training and literacy education in addition to loans, a focus on sustainability, and a community-based approach that provides different levels of services to different kinds of recipients including the poorest of the poor. Weidemann presented a film about the Fonkoze project in Haiti that provides a variety of financial and social services, as an example of the successful application of these practices.

THE NEOLIBERAL PARADIGM

A major point of debate among social scientists is whether the neoliberal development model is the best paradigm for helping women and the poor. As an alternative to top-down development, microcredit is viewed as a way that the poor can help themselves and contribute to economic growth. However, this goal of ‘self help’ has been critiqued by some who view it as privatization of public safety-net programs that, as Richard Appelbaum mentioned in his comments, may act to divert resources, as responsibility for poverty alleviation is shifted from the state onto the individual. He cited the example of China
where a large investment by the government has resulted in raising millions of people out of poverty. Others argue that education, training, job creation and employment on a larger scale may be more effective than entrepreneurship in addressing the long-term needs of the poor. In a subsequent rejoinder, Jean Weidemann noted that not many countries can provide the social safety nets and real employment that China does, especially where much of the population gains its livelihood in the informal sector. She argued that in countries such as Haiti, where the government functions mainly in the capital city, microcredit becomes even more critical for the empowerment and economic advancement of women.

Critiques of the neoliberal paradigm and state interventions have come from a variety of corners. Arguing that microcredit is an important site where the cultural politics of citizenship are waged, Gayatri Menon examined the potential of microcredit both for the state and for women’s collectives in extremely impoverished communities in Maharashtra, India. Describing how credit-worthiness came to be viewed as the mark of the ideal citizen-subject of the post-developmentalist Indian state, Menon looked at how microcredit is increasingly setting the terms by which the state and development institutions engage, and in effect discipline, the poor. She then went on to analyze the possibilities that microcredit holds for women in community-based savings and credit groups in rural Maharashtra who invest the practice with meanings derived from their experiences of extreme poverty and marginalization. Through their particular practice of microcredit, women in these groups experience a mutual bonding and trust that enables them to work together as a collective in various struggles. Menon found that what is empowering about their practice is the way in which they have sought to configure their credit transactions rather than the credit itself, eschewing the disciplinary potential of credit relations and seeking instead to accommodate as best they can the exigencies of lives lived in extreme poverty. What these groups in Maharashtra show, she suggests, is that if we are to take seriously the contention that microcredit is empowering, then extending the disciplinary model based on establishment banking rationality to the very poor requires radical re-thinking. Her discussion of the personal, social, and political consequences when women come together in groups to address their problems was echoed in other papers in the workshop.

**The Social Context**

Another aspect of the self-help paradigm that is of concern is the social and cultural context in which microcredit programs take place. Progressives have argued that because poverty is structural, the solutions must focus on providing adequate social infrastructure rather than simply adjusting the conditions of individuals. In recent years a growing chorus of questions has arisen about the efficacy of microcredit, in and of itself, in lifting people above the poverty level on a sustained basis. This argument with regard to the impotence of structural conditions also applies to the question of women’s empowerment. While Menon’s paper showed how the neoliberal intentions of microcredit may be subverted, Sohelia Alirezanejad’s paper brought up one of the major questions concerning the connection between microcredit and women’s empowerment.
The majority of microfinance clients, about 67% worldwide, are women. In some places it is 100%. It is argued that access to financial services that propel women into entrepreneurship can improve their status by opening up new opportunities, fostering increased self-esteem, self-confidence, assertiveness, efficacy in the public sphere, and a greater voice in family and community decision-making. Although several studies, including some in this workshop, have shown this to be true in many cases, the evidence regarding poor women’s empowerment through microcredit remains inconclusive. Others have argued that microfinance as an instrument of women’s empowerment is overstated and may even diminish gender equality in some instances, since access to credit is not the only determinant of women’s power and autonomy. Doubts remain as to whether microcredit and microenterprise alone are actually empowering for women, or whether these must take place in the context of larger structural changes in order for women to benefit from their entrepreneurial activities in any significant way. If other structural conditions that disadvantage women remain in place, women do not benefit significantly from the extra work.

This dilemma regarding the larger social and cultural context was clearly illustrated in the case of a rural Iranian bee-keeping project that Alirezanejad described. While the income generated by bee-keeping did temporarily have many of the positive effects mentioned for women and their families mentioned above, their success did not take place in a vacuum. Once the sources of support and livelihood were destroyed by a combination of environmental and social circumstances, the absence of cultural and infrastructural support meant that the empowerment the women temporarily enjoyed was not sustainable in the long run. Alirezanejad explained how, although bee-keeping is a traditional skill in Iran among the older women, the lack of supportive organizations and social institutions caused the disintegration of the group into competitive individual endeavors and schisms based upon age and educational levels. External expectations and policies created or exacerbated internal tensions, which frustrated the women bee-keeping entrepreneurs’ attempts to make more meaningful changes in their lives, thus rendering the new knowledge and skills they had gained of little use to them in the end.

Furthering these ideas in his discussion, Manoranjan Mohanty reinforced arguments that there needs to be flexibility at the local level, and that these programs need state support that focuses more broadly on social welfare initiatives such as education and training, rather than a narrow focus on savings and credit. Pointing to the potential dynamism in women’s groups that Menon and others in the workshop described, he suggested that unless the socio-political context encourages women to become not only economic actors, but enables them use these microcredit groups as incubators for political mobilization, women may not be able to realize real and lasting empowerment in the society.

In India, this problem of social infrastructural support at the grassroots level has been taken up by the government and NGOs in several ways. One, as Bidyut Mohanty pointed out, is through reservations for women and Scheduled Castes and Tribes in local government institutions (panchayats), and another is through micro-lending to various women’s groups, speaking to the dynamism and potential for political action of local microcredit groups referred to by Manoranjan Mohanty. Bidyut Mohanty described the ‘synergy’ that has occurred between women in panchayats and those in microcredit groups in India. While acknowledging certain problems, such as perpetuation of hierarchies and exploitation in some cases, Mohanty argued that these two measures (reservations and micro-lending) have resulted in social mobilization and empowerment for millions of women, bringing them into the public sphere and active participation in decision-making processes. Mohanty’s
study once again pointed up the sometimes overlooked effectiveness of certain kinds of women’s social capital in these groups—
in this case, protective functions, networking between groups, and advocacy lobbying—that produce favorable social and economic outcomes on the local level, and enable women to become active agents in redistributive development and delivery of basic services to the villages.

In Vietnam, too, Le Thi My Hien described how the government has attempted to alleviate poverty through providing a variety of credit and other financial, training, and consultancy services for poor households, many of which are aimed primarily toward women. While it has achieved some measure of success in a few locales, limitations exist in terms of the expertise and infra-structure required to succeed on a larger scale. Le showed how microcredit may function as a stepping stone for poor women in terms of improving both their economic situation, and their social positions. And here again we see the importance of social capital, and the role that microcredit and microfinance can play, not only in reducing poverty, but in changing the status of women. Like the women described by Mohanty in India, the formation of client groups and participation in meetings enabled the development of social networks where women could discuss various issues and find support. Through the knowledge and skills provided during their participation in these group and community activities, and through the use and management of capital, Vietnamese women in some programs have increased their social efficacy and confidence, and gained a greater voice in family and community decision-making.

The question remains as to whether this kind of empowerment can serve as a catalyst for larger structural changes that would sustain the gains that a few women make. In some ways, it can be viewed as a chicken-or-egg argument: Do women’s empowerment and poverty alleviation require the prerequisite of favorable social infrastructural conditions, or can these groups be a force that ramifications through society, creating structural changes? More likely, as Mohanty and several other workshop participants’ research suggests, it is most effective as a synergistic movement with the two working together toward change. It appears that one is not likely to succeed without the other.

Le Thi My Hien pointed out that in Vietnam, as elsewhere, social, political and infrastructural support will have to increase before the majority of poor women can reap the potential benefits of microcredit. The challenge as she saw it is how local semi-formal microcredit organizations can be integrated into the larger formal sectors while retaining their local characteristics and control.

The importance of the social capital and support that women gain through participation in groups was again demonstrated in a somewhat different context in Annapurna Pandey’s description of widows and battered women in Puri, India who have chosen to live together in a collective, supporting themselves and each other through micro-enterprise. Given the social conditions for women who lose or who leave their husbands in India, this cooperative provides a safe and meaningful haven for these women, and their entrepreneurial activities make it a viable alternative to what might otherwise be a miserable life. Pandey also brought up several problems related to women’s involvement in microcredit and local politics, and the question of if, or to what extent, it can actually benefit women. Again, the social context can be determining.
What the poor widows and battered women in this group have done it seems, is to effectively “opt out” of that context, and with a little financial help from outside sources, carve out a space in which they can flourish. Again, the importance of the social came to the fore in Pandey’s description, not only in terms of emotional and economic support, but in terms of the platforms these groups provide for formulating critiques of the system itself.

A question arose during discussion regarding the entrepreneurial success of the Puri widows’ cooperative vs. the failure of the Iranian bee-keepers. Although both of these projects took place in an environment in many ways not conducive to women’s empowerment, Pandey’s work suggests that perhaps the success of the Puri women’s collective was due to their group coherence vs. the disintegration into factions and individual endeavors experienced by the bee-keepers. Also, as Alirezanejad pointed out, members of the widows’ cooperative did not have the kinds of social and familial obligations and claims on their energies and earnings as the bee-keepers. It appears that their minimal expenses and the power of concerted action enabled the Puri group to achieve sustainable success. Discussing the economic aspects of these enterprises, Aashish Mehta highlighted the risk component involved, noting that the beekeepers may have lost out because they did not account for the uncertainty involved in their micro enterprise. The Puri group, on the other hand, pursued a less-risky business plan by choosing a sure-selling favorite snack sought by the pilgrims who flood into the famous sacred city of Puri all year round. Eileen Boris noted that the consequences of micro credit cannot be judged solely from an economic perspective. Cultural and social consequences must be taken into account as well in judging the impact.

Describing neoliberalism as an ideology that rests on the idea that human welfare is best served by the withdrawal of the state from welfare policies, Lamia Karim addressed the concern that microcredit programs operating under the logic of neoliberal capitalism may supplant not only social welfare programs, but other aspects of sovereignty formerly in the domain of the state. In her ethnographic study in rural Bangladesh, the birthplace of the microcredit movement, Karim described how global capitalism operates at the grassroots level of home and community through the microcredit policies of NGOs that act as a “shadow state.” She focused on Bangladesh’s Grameen Bank, which boasts a 98 percent loan recovery rate and is celebrated by many worldwide as a magic bullet for the poor. Examining some of the tactics behind NGO loan recovery programs, Karim showed how traditional concepts of ‘honor’ and ‘shame’ among poor women are manipulated to further capitalist interests. Discussing the predicament of postcolonial governance, she described the ways in which developmental NGOs with economic ties to western capital, target poor people with much-needed services that the state has failed to deliver, thus linking together economic, political, and social life through their microcredit programs. Karim argued that as a result, NGOs and multi-national corporations become connected to the rural poor in ways that make them economically and socially dependent.
Karim acknowledged the Grameen Bank’s role in introducing new forms of social identity among rural women, and the creation of a space in which women can speak without men dominating the discourse. She also agreed that grassroots mobilization may unleash new political potential. But in the groups she studied this potential remained inhibited by the financial imperatives of NGO microcredit institutions that acted to depoliticize this energy through various mechanisms, including the use of shaming as an instrument of social control. Karim’s analysis centered on the intersection of the microcredit model with local patriarchal norms and cultural practices, particularly manipulation of the code of family honor that rests on women, often to their detriment. She described how this intersection creates a system that depends upon sometimes brutal self-policing by the women in the local microcredit groups in order to avoid the shame and family dishonor that would come with default. Karim characterized the “toxically synergistic” combination of kin obligations and collective responsibilities as operating within what she called an “economy of shame” that results not only in further impoverishment of the neediest families, but in a gradual disintegration of the community, while absolving NGOs of responsibility. The national pride fostered by the ostensible success of the Grameen Bank on the world stage, together with the hegemony exercised by NGOs, enables them to neutralize dissenting voices.

During her critical discussion of the claims by Yunus and other Grameen model advocates that microcredit reduces poverty, Lamia displayed a photo that showed the descendants of the bank’s first borrower, Sufia Begum, continuing to live in poverty. In addition, Karim found that 95 percent of the loans to women were used by male relatives, that wealthier clients often used poorer women as proxy members, and that the most widespread and profitable business from microcredit was the practice of usury by women who adopted the norms of traditional moneylenders, including high interest rates, which brings many more poor people “inside the web.” Lamia argued that microcredit has thus helped primarily middle-class women who charge exorbitant rates of interest and send their sons to the Middle East. Husbands are often the ones who take the products to the weekly markets, thus depriving women of direct access to the money to which they are entitled. Thus, the question of women’s empowerment becomes dubious. However, Karim did not totally reject microcredit, suggesting instead a different kind of investment targeted more specifically toward poor women.

The question of whether neoliberal capitalism is the best paradigm for helping the poor and empowering women was addressed from a slightly different angle by Stephanie Santos in her analysis of the situation of indigenous women in the Philippines. Instead of viewing state interventions as a better alternative to individual ‘self-help’ schemes, Santos argued that societies with traditional social structures based on communal sharing are actually harmed by what she termed, the “development aggression” of states who attempt to impose a western or nationalistic neoliberal development model that demands a certain form of economic citizenship. In the process women have been dispossessed of their ownership of land and turned into mere retailers of products. Performing close readings of the principles of microcredit espoused by Grameen to study microcredit as part of the growing financialization of the world, Santos argued that microcredit serves as one of the ways that women may be rendered as the “new subalterns,” who are geographically but not socially mobile.
Echoing some of the points raised by Menon, Santos showed how development is often a site where cultural politics are contested, and how women may imbue it with different meanings based upon their experiences of marginality and struggles for survival. She described how some women-centered coalitions in the Philippines are reconceptualizing development paradigms in non-developmentalist, non-nationalist, and non-Western terms. And in an analysis similar to Karim’s, Santos described how marginalized populations such as the indigenous women she studied, may become fodder for nationalist development discourses centered around neoliberal programs like microcredit. She argued that in this way, microcredit programs may co-opt the subjectivities of poor people as economic rather than cultural citizens, thereby reproducing the global economic order. Santos described how the neoliberal state apparatus in the Philippines has disrupted indigenous women-centered knowledge, ignored women’s important roles in sustainable agriculture, and caused the disintegration of independent sociopolitical systems of mutual support and community integrity that have protected women and children from various forms of violence. She emphasized the need to view women as knowledge producers rather than trying to force on them a neoliberal economic subjectivity and citizenship defined simply as producers and consumers.

The primary objective of microcredit is supposed to be to promote the generation of income among poor households, thereby alleviating poverty. But, as several workshop participants demonstrated, the extent to which microcredit and microfinance actually benefit the poor, and in what ways, is a much debated subject. Several researchers have lamented the dearth of reliable macro socio-economic data, and reliance instead on anecdotal evidence regarding poverty alleviation. Others have pointed out the need to distinguish among different levels of possible social and economic effects: for example individual agency for women, family and household resources and relations, changes in the community and society, and at the level of state governments in terms of legal and structural changes. Questions remain about methods of ascertaining and measuring relevant criteria. The view currently gaining currency is that providing financial services for the poor, rather than a magic bullet, is only one of many components of poverty that need to be addressed. The fact that local markets can only sustain a certain number of micro-enterprises before they become saturated and therefore unprofitable has led some observers to argue that education, training, job creation and employment on a larger scale may be more effective in addressing the long-term needs of the poor.

Another problem in assessing the effectiveness of microfinance that was brought out in several papers was that of distinguishing among different types of poor. Studies have shown that different groups of the poor need different financial services. For example, the "better-off," or "entrepreneurial poor," are those who can benefit from microcredit for entrepreneurial activities. The "extremely poor"—defined by the World Bank as those who live on less than $1.25 a day—who lack economic security and even the ability to meet basic necessities such as food, shelter, and clothing, require different development strategies.

Analyzing quantitative data collected in several impact assessments, and evaluating the methods used to measure impacts, Laila Fahimuddin addressed these broader questions regarding the efficacy of microfinance for poor women in Punjab, Pakistan. She described how, since 2001, Pakistan has placed a national focus on developing microfinance programs as a poverty alleviation and gender equity strategy. But while foreign aid continues to pour into microfinance projects, the impact it has had on these goals is unclear. Critiquing the approaches used in impact assessments for three types of microlending institutions: an NGO, a bank, and the National Rural Support Programme, Fahimuddin examined who microfinance institutions target and how effective they are at economically empowering women. Her analysis included questions regarding the poverty level of people targeted for microfinance programs, whether lending based on social capital works to include or exclude the poor, and whether the structures of microfinance NGOs, banks, and the National Rural Support Programme have...
had differential impacts on women’s ability to develop socio-economic capital. Describing what she called a “hierarchy of poverty,” her analysis suggested that the Grameen model of microfinance instituted in Pakistan has mostly been effective in empowering the marginally poor, while excluding or extorting the poorest of poor. In terms of its impact on women’s empowerment, Fahmuddin did not find any significant difference between borrowers and non-borrowers. However, there appeared to be some difference in terms of health benefits, since the children of the borrowers received vaccinations, while the non-borrowers’ children were not vaccinated.

Jayne Lee described what she viewed as an example of a successful microfinance project in Cairo, Egypt that apparently works on these different levels of poverty. The Village Savings and Loan (VS&L) program she visited in Dar es Salaam offered a way for both the poor and the very poor to manage their household cash flow more efficiently and flexibly, and to invest in income generating activities that secure and stabilize cash income. Lee described the various aspects of the program that facilitated this success, including local control. Each savings and loan group developed their own rules with regard to membership, duration of cycles, and protocol. Each group had a cash box with a padlock on three sides. The keys for the padlocks were given to three different individuals, and the cash box entrusted to a fourth. Each member also had a booklet in which to record participants’ savings contributions and loan amounts that was written in a simple format so that illiterate members could easily participate. From the participants’ point of view, these informal all-female microfinance groups were regarded as successful both in terms of solidarity, and because members benefited from the savings component. However, Lee noted that interest rates were set too low for the loans, so each woman did not receive much more than her savings deposits at the end of the cycle. As with Karim’s study, Lee also found that women in these microfinance groups are often just the financial conduits for men who are the actual beneficiaries. For example, loans may be used for such things as investment in sons’ or husbands’ businesses. Lee said that because of the relative success of the VS&L model, there is interest among some larger NGOs, such as Plan Egypt, to start VS&L groups in Mansheyat Nasser, the largest scavenging and recycling community in Egypt. This community is also the largest female group-owned industry in Egypt, but there are currently occupational hazards that need to be addressed.

Discussion following the final round of presentations brought up two major issues. One, as Phil McCarty emphasized, was the integral connection between microfinance and women’s empowerment. He argued that one could not be successful without the other. He also pointed out that the fact that formal financial banking institutions are vying with each other to enter into the microcredit sector proves their economic viability in terms of investment. A member of the audience, Marty Jenkins, whose positive assessment of microcredit was based upon personal experience with Muhammad Yunus and microcredit projects in various parts of the world, took issue with some of the critiques raised in the session. He felt that saying that the Grameen model of microcredit was lauded as a silver bullet was essentially a straw man, since he had never heard it referred to in that way by Yunus or anyone else in microfinance. He was particularly mystified by Karim’s portrait of the descendants of Sufia Begum as living in poverty, and especially the contention that her daughter, Sukhia Khan, had died in poverty, since he had visited them subsequent to the alleged date of death and found them very much alive and living relatively well. While acknowledging that these programs may not be perfect, he wondered what anyone might propose as a better method for alleviating poverty.
CONCLUSION

Poverty alleviation and the empowerment of women are two crucial issues confronting governments and development agencies around the world today. They have become arguably even more urgent in the face of current economic and environmental conditions exacerbating the hardships of many of the world’s poorest people. Since Muhammad Yunus’s successful experiment in Bangladesh in the 1970s, microfinance, and its principal instrument, microcredit aimed primarily at women, have grown in scope and scale. Today various mainstream entities, including commercial and state banks, internet-based organizations, and insurance and credit card companies, have joined the microfinance bandwagon, offering poor people access to basic financial services. While microfinance will undoubtedly continue to play a vital role in socio-economic development, certain questions regarding both the efficacy and ethics of various applications of this approach need to be critically reevaluated. Analyzing cases from different parts of the world, workshop participants addressed these issues at the intersection of local populations and global forces. These on-the-ground analyses by investigators coming from both social science disciplines and microfinance organizations are an essential component in assessing the way forward for policymakers and development practitioners as they grapple with the very difficult and integrally related problems of poverty alleviation and women’s empowerment.

What the diverse views and data presented in this workshop indicate perhaps more than anything, is the immense complexity of the issues and problems, both economic and non-economic, inextricably imbricated with microcredit that affect its ultimate success or failure in bettering people’s lives. Microcredit has so far not been able to everywhere meet all of the needs of the poor. While some projects appear to be achieving the stated goals of poverty alleviation and/or women’s empowerment, other results appear mixed at best. Although access to credit can be a catalyst for positive socio-economic change in the lives of the poor and disempowered, and especially women, there was general agreement that credit alone is insufficient for poverty reduction on a macro scale. This is because, in addition to simply giving loans and providing savings to women and the poor, many other aspects are involved. The social and cultural context are critical factors in the equation, as are infrastructure improvement and equitable access to things such as healthcare, the legal system, sanitation and safe drinking water. Although far from having been perfected, most agree that microcredit has the potential to be an effective measure, along with many others that must go along with it, including adequate support, education and training, larger structural changes, local control, and a consideration of gender differences. The way in which programs are implemented is also an important factor. As the number and types of microfinance providers proliferate, care must be taken to ensure that women and the poor are not exploited by practices such as excessive interest rates and abusive repayment tactics. What is clear is that microfinance in various forms may have the potential to help the poor and empower women, but there are still many problems that need to be addressed before it can fulfill the promise of sustained and substantial social and economic effects. The participants in this workshop drew attention to areas in need of attention, and made suggestions for possible solutions. They showed how programs in some places have had positive results, while pointing out how strategies must be adapted and modified to take account of local class, gender, cultural, and regional differences. As with any endeavor as complicated and daunting as poverty alleviation and gender equity, working out the best combination of approaches for different groups of people will take time and energy on the part of many different institutions and individuals. Interrogating assumptions, drawing on lessons learned from both successes and failures, and approaching the problems from many different perspectives, this workshop was one effort in the movement toward that goal.
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