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**Micro-finance: 'Sustainable Development or Economic
Band-aid?'**

**A thesis presented in partial fulfilment of the
requirements for the degree of Master of Philosophy in
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Abstract

The simple question which this thesis set out to answer is whether a Micro-Finance intervention, either in isolation or as part of a wider programme, is capable of facilitating a development process which can be truly effective in alleviating the poverty of the very poor. Essentially it seeks to clarify whether there is a place for Micro-Finance in initiating and sustaining an effective process of community development.

The hypothesis has been tested through a 'Rapid Impact Assessment' carried out within two urban poor communities in Manila, Philippines.

The evidence gathered is simply the actual thoughts and feelings of the 'poor' community members. I have tried to accept their responses with respect and to avoid any sort of ethnocentric second guessing as to supposed underlying cause. It is only they who can truly attest to the impact of the programmes, and it is only by accepting their spoken responses as genuine and valid that I believe that I can forge a body of analysis and discussion which may in some way genuinely add value to the community (urban poor communities surveyed) and to the academic sector of 'development'.

The key lens through which the analysis of the impact of these programmes has been viewed is that of the relationship between micro-finance/ economic capital and social capital.

The evidence obtained from the research, suggests that what I have termed 'higher level' indicators of social capital (generosity, self-sacrifice) can - and do - manifest when the physical, material and 'lower level' social foundations (including personal confidence, collective solidarity, household and community status) are provided by micro-finance programmes. It also appears clear from the evidence of this research that a key element of these higher level social capital indicators is the 'willingness to make sacrifices and to commit to the needs of the wider family and the wider community'.

The question however still remains, however, as to whether the micro-finance programmes are in some way indirectly responsible for leading them down this path towards improved social capital. It would appear reasonable to assume from the previous discussion that certain lower level aspects of social capital (such as the focus on the values of trust and discipline) may be the glue that, to a certain extent, bonds

individuals to the community, and - in turn - to higher level aspects of social capital. However, this point, given the constraints of the research, cannot be fully validated.

What is clear is that the micro-finance programmes surveyed in this thesis have facilitated the economic and social platform necessary that the people are able to choose, and confidently act upon, a design for their own development.

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Introduction

Background

Following the successes of micro-finance organisations such as the Grameen Bank, Sewa, ASA, BRAC and Banco Soul (through the 1970s and 1980s) in reaching large numbers of poor people, micro-finance was, for a time, held up as a 'panacea' for the world's poverty. Grandiose claims were made regarding the potential of micro-finance to effectively remove the entire world from the effects of poverty.

The late 1980s and early 1990s, however, brought a series of studies which were sceptical of the potential for micro-finance to function as this "panacea". Academics and practitioners alike produced evidence of supposedly imperfect processes and imperfect developmental outcomes. A similar fervour to that which was brought initially to promoting micro-finance was then adopted in critiquing it. This has in turn led to a situation where micro-finance, in many quarters, has been dismissed altogether as an option for poverty alleviation. It appears, in essence, that the baby has been thrown out with the bath water.

There is a key problem with this apparent dismissal of micro-finance as a vehicle for poverty alleviation. That is: the ideology being applied in determining the benchmarks for impact success (or successful impact) against which the gathered data (regarding micro-finance) is analysed, is often somewhat contrary to that which predominates in the target communities (Brohman 1995, Townsend 1993). Concepts such as 'conscientisation' underlie an approach to analysis of 'impact' which ensures that the responses of poor community members are often dismissed as invalid (Kabeer 1994). They are invalidated on the basis that their responses reflect a lack of 'awareness' of their situation. This lack of awareness is assumed because the respondents have communicated a personal acceptance of, and perhaps a degree of comfort with, social norms that the external interviewer believes to be oppressive. This thesis is an attempt to allow the community to speak for themselves, without any ethnocentric second guessing, about what they believe to be important (for their own development) and how they believe the Micro-finance programmes, in which they are involved, have impacted on these factors (as identified by the community members)

Hypothesis

The simple question which this thesis seeks to answer is whether a Micro-Finance intervention, either in isolation or as part of a wider programme, is capable of facilitating a development process which can be truly effective in alleviating the poverty of the very poor. Essentially it seeks to clarify whether there is a place for Micro-Finance in initiating and sustaining an effective process of community development. This is the central theme and the one which will provide the backbone for the thesis.

It is hypothesized that it may be possible, that a micro-finance programme, appropriately tailored, is capable of creating the conditions necessary for people to achieve their own sustainable development. It is assumed that an analysis of impacts based on an acceptance of the actual responses of programme members may confirm this assumption. It is hoped also that it will bring some balance to an academic trend which has limited the possibilities for micro-finance as a tool in poverty alleviation.

It is important to distinguish the above hypothesis from the idea that micro-finance has all of the ingredients necessary to actually 'complete' a process of sustainable development. The hypothesis as presented proposes something quite different. In simple terms it suggests that micro-finance may have the potential to remove all of the key barriers to people pursuing their 'own' sustainable development. It accepts then that micro-finance is not capable of actually achieving sustainable development outcomes (as represented by actual impact on poor people) in and of itself. Rather it proposes that it may be capable of creating the conditions and providing the accompanying support which ensures that people are able to move safely to achieve the key 'outcomes' for themselves. It accepts that sustainable development can only actually be achieved through the activity and force of will of those actually affected by poverty.

Further it hypothesizes that it is only in situations where the community has both the material and social platform necessary (as provided by the micro-finance programme) and the opportunity to decide for themselves what development outcomes are important to them, that genuine sustainable development can be achieved. It is proposed that the absence of either the material and social support or the opportunity to decide on the form of development outcome will inhibit genuine sustainable development.

The hypothesis focuses therefore on the relationship between micro-finance (economic capital) and social capital. As is explained in Chapter 1, the commonly assumed relationship between social capital and human development i.e. that a certain level of social capital is necessary before economic development outcomes can occur, is challenged. It is proposed that these social outcomes are the purpose of development, and that economic intervention and outcomes are simply the platform from which these social outcomes can effectively be achieved.

It is proposed then that the key development outcomes (and, by extension, definitive indicators) of development impact are social in nature and can be defined as elements or manifestations of social capital. This by no means negates an acceptance that the foundations of absolute poverty are physical and material. It is accepted that this physical/ material deprivation has a direct causal relationship which impacts on levels of social capital. Further it is accepted that the relationship between the material and the social is a hierarchical one; in which the fulfilment of the physical and material needs provides the foundation, for what we might call the 'higher level' social outcomes. Or, turning it around: it accepts that the key foundation of absolute poverty is the deprivation of the material (or basic) needs and that the absence of social capital naturally occurs as a result of this basic physical deprivation.

The thesis, then, is to use indicators of social capital as the measurement points for assessing the effectiveness of micro-finance in initiating an effective and sustainable development process.

This means that 'social capital' is the lens through which this thesis will assess whether the community has managed to achieve their own sustainable development after the barriers to these outcomes have been removed by the micro-finance process.

Philosophy behind Hypothesis

Much of the aforementioned criticism around the impact of micro-finance programmes has been based on the assumption that micro-finance addresses only the economic aspects of peoples' lives. Marxist ideology has been critical of a model which they suggest assumes that we are purely economic beings; that economic impact is an indicator of a successful and sustainable development process. They have proposed that micro-finance is an ineffective tool for initiating sustainable development in that it does not impact directly on all of the key sectors or on oppressive social norms. At the same

time the neo-liberals have hypothesised that we are economic beings and that a successful sustainable development process will be illustrated by economically centred intervention and economic outcomes. In some cases, as with the 'social capital' theorists, they accept the place of social harmony; but view this only as a function of providing the conditions necessary to implement effective 'economic development'. At the same time however, they propose that certain social norms must predominate if this economic process and the economic outcomes are to be achieved. Theoretically then, this group assumes that micro-finance can be directly responsible for achieving sustainable development (which they assume to be centred in economic outcomes), provided a certain stock of social capital is prevalent in the target community on commencement of the programme (Smelzer 1966).

This thesis does not accept any one of these schools of thought as a whole. It does however accept what amounts to half of the argument of each of them. In the case of the Marxists it accepts that people are far more than economic beings; that they are multi-dimensional beings for whom the economic is only a function of assisting them to meet their basic physical needs. However it rejects the idea that effective development programmes must intervene directly to transform all of the sectors and key social norms. Instead it suggests that healthy social norms can only develop when people gain the freedom to determine them for themselves (Pieterse 1998).

In the case of the neo-liberals perspective, this thesis accepts the part of the argument which suggests that economic intervention can have a central place in initiating a process of sustainable development. However it rejects the idea that sustainable development is illustrated by purely economic outcomes. In essence then the thesis hypothesis could align with the neo-liberal perspective as to the ideal process but would not agree on the ideal set of outcomes.

Thesis content

Chapter 1 will provide background on Micro-Finance. Initially it will look at its origins and then at the history through which the present day programmes have evolved. Then, the key models of micro-finance, in place around the world, will be summarised. The bulk of the chapter will focus on discussing key debates around microfinance. All of these debates will then be threaded throughout the analysis and discussion which will be covered in Chapter 6.

The primary research for the case study was carried out within two displaced people's communities in Quezon City, Philippines. The respondents are participants in the programmes of two separate non-profit, non-government Micro-finance providers. **Chapter 2** will provide a brief cultural, political and socio-economic background on these communities. Particular emphasis will be brought to outlining the nature and causes of the informal workforce in this context. It is this group which microfinance largely seeks to assist and we must therefore understand the causes of their predicament and their specific needs in order obtain an effective analysis of the impact of the programmes.

. **Chapter 3** will outline the methodology adopted to carry out the research. The methods utilised to ensure objectivity will be outlined along with a discussion of some of the key challenges faced in carrying out and completing the process.

Chapter 4 will present a summary of the results of the primary research and a series of summary observations. This will include a brief background on the two organisations which were responsible for the two Microfinance programmes on which this research is based. Particular attention will be placed on defining and comparing the key features of the two programmes.

Chapter 5 will bring the context of the socio-economic summary together with these results and the impact of the programme will be assessed relative to the concepts and indicators of 'Social Capital' and basic physical and material needs as defined earlier in the introduction. The relationship between micro-finance interventions and social capital will be analysed in -depth. Also threaded throughout this discussion will be a consideration of the key debates around micro-finance as presented in Chapter 1

The summary and conclusions will then be presented in **Chapter 6**. It will present the thesis conclusions as to the potential for micro-finance to facilitate the emergence of social capital and by extension, sustainable development.

Chapter 1: Thesis Baseline

Introduction

This thesis looks to analyse the causal relationship between micro-finance (or economic capital) and social capital. This direction of causality is, as will be illustrated below, a reversal of the relationship normally assumed by the development literature. The assumption is made that aspects of social capital are the key outcomes of a sustainable development process and that the material and physical aspects simply provide the foundation for the fulfilment of these outcomes. Given this assumption the thesis is then centred in exploring whether micro-finance can create the conditions which may facilitate the emergence of this social capital; i.e. which is assumed to be the logical outcome of an effective development process.

The thesis then seeks to explore whether the two case study micro-finance programmes have in the first place impacted in providing/ facilitating the necessary material and physical platform for people to pursue their own sustainable development. It is assumed by extension that if this platform is in place, that the community will have the means to achieve the key social capital outcomes for themselves. In order to assess this effectively there is a necessity to analyse the impact on both the platform and the actual social capital outcomes. It is proposed, then, that the basis of the platform is the fulfilment of a set of basic physical and material needs.

By extension, if we are to effectively analyse the impact on both the basic material and physical indicators and on a set of social capital indicators we must first provide some definition as to our accepted definition of the two concepts i.e. basic material and physical needs and social capital. In both cases there is much debate around the definitions. The thesis will not, however, approach the question of definitions through an in-depth literature review since they are not the primary focus of the thesis. Instead the point is to develop a relevant baseline against which to measure the impact of the micro-finance programmes. In line with this then, Chapter 1 will gather a range of definitions from various authors and derive indicators from within these definitions. These indicators will then in turn provide the key reference points for the in-community research process outlined in Chapter 4.

Poverty definition

In order to define the cure for poverty we must first establish a clear definition of what it is we intend to cure.

What is poverty? Who are the poor? What are the ways of fighting it? We tend to assume that the answers may be obvious and easily answered, particularly when we come face to face with poverty. But there are many views and many people who talk and write about poverty around the globe, without ever coming closer to any sort of consensus regarding the questions posed above.

'Poverty', then, is essentially a contested concept. There are a multitude of conceptions both of 'poverty' and of 'development'. The variance in these definitions makes it clear that it is subjective territory; that the definitions are very much in the 'eye of the beholder'. If one were seeking an unambiguous and fixed definition of poverty, one is bound to be disappointed. (Chambers 1983, Chambers 1993, Chambers 1997, Yunus 1999)

Some suggest that poverty is represented solely by low income; that it is a purely economic and material condition (McShane 1998, Rostow 1956, McClelland 1970). Others suggest that it extends to a whole set of qualitative factors which include features such as social interaction and freedom of expression (Narayan 2000, Chambers 1997). For example, Reed (2002: 9) writes that:

Poverty is more than a status of deprivation. It is a social relationship between individuals, social groups and the state competing for wealth and political power (Reed, D. 2002: 9).

Others suggest that it is a largely a spiritual and emotional state. Mother Theresa for example suggests that poverty is largely a state of the heart: that rich and poor alike suffer from poverty when they feel unwanted or unloved. (Mother Theresa in Malcolm Muggeridge 1971: 67).

Finally there are those who suggest that it is a combination of all of the above factors. For example Narayan (2000: 4,5) writes:

Poverty is multi-dimensional. The persistence of poverty is linked to its interlocking multi-dimensionality; it is dynamic, complex, institutionally embedded and a gender and location specific phenomenon. The pattern and shape of poverty vary by social group, season, location and country¹.

Most of the debate around the definition of poverty tends to be around the issue of absolute versus relative poverty. The absolute concept of poverty describes a point below which the minimum basic needs required to physically sustain life (i.e. shelter, food clothing and drinking water) are unable to be met. It tends to neglect the effects of poverty beyond the physical sphere thus taking little account of the social needs. (Callanta 1988)

Academics and practitioners alike have critiqued the idea of an absolute definition of poverty. They argue that such a general definition fails to take into account important socio-economic differences between nations (Narayan 2000, Chambers 1997, Mayoux 1995). The 'relative' definition of poverty is offered as an alternative to the absolute definition. The definition is based upon two sets of assumptions. First, that poverty can only be defined and understood within the broader socio-economic context of the society in which individuals live. Relative poverty measures whether or not an individual is poor in relation to those around them. The relative definition of poverty suggests that the poor in any given society, are in part, defined by their opposite - the rich². (Chambers 1997, Johnson and Rogaly 1997)

¹ He goes on to expand on this statement. " First, poverty consists of many interlocked dimensions. Although poverty is rarely about the lack of only one thing, the bottom line is always hunger. Second, poverty has important psychological dimensions, such as powerlessness, voicelessness, dependency, shame and humiliation. The maintenance of cultural identity and social norms of solidarity helps poor people to continue to believe in their own humanity despite inhumane conditions. Third, people lack access to basic infrastructure-roads (particularly in rural areas), transportation, and clean water. Fourth, there is widespread thirst for literacy. Fifth, poor health and illness are feared almost everywhere as a source of destitution. Finally the poor rarely speak of income, but focus instead on managing assets-physical, human, social and environmental-as a way to cope with their vulnerability. In many areas this vulnerability has a gender dimension".

² Johnson and Rogaly (1997: 10) view the inclusion of a relative measure of power as an essential inclusion to any definition or assessment of poverty. "A further dimension of poverty which is often the focus of NGO interventions is powerlessness, whether in an absolute sense or in relation to others. Economic inequality between and within households is likely to be associated with concentrations of political and social power. Inequality can increase whenever better off people are able to improve their incomes faster than others. Even if the absolute level of material well-being of the worst off people does not change, relative poverty (Beck 1994) may increase, and with it a sense of powerlessness among very poor people. Power relations are partly determined by norms of expected behaviour. Neither the relations nor the norms are static; they are contested and change over time. Powerlessness can be experienced in a variety of situations; within the household, as a result of differences in gender and age, and within the community, between socio-economic groups as a result of caste, ethnicity, and wealth. Defining poverty in terms of power relations implies that assessment of the impact of micro-finance interventions should focus on their influence on social relations and the circumstances which reproduce them"

Debates around distinctions between absolute and relative poverty may be largely irrelevant for those who experience it. It is important not to trivialise the very real pain and stress that various forms of poverty can cause. As Narayan (2000:1) writes:

Poverty is pain; it feels like a disease. It attacks a person not only materially but also morally. It eats away one's dignity and drives one into total despair.

However, in this research the purpose of seeking a definition is simply based on the need to provide benchmarks against which to measure the impact of micro-finance programmes. A definition of poverty, which is absolute, is selected because of a desire to assess the impact of these programmes on those who have a clear 'absolute need' of improvements in their standard of living³.

It is accepted that the foundations of absolute poverty are physical and material. However this thesis proposes that this physical/ material deprivation has a direct causal relationship with the levels of social capital. Further it is submitted that the relationship between the material and the social is a hierarchical one; that the deprivation of the basic material and physical needs stunts any opportunity for the fulfilment of the social needs. (Chambers 1987, Friedman 1992, Sen G. and Grown C. 1987)

The thesis proposes then that the key foundation of absolute poverty is the deprivation of the material (or basic) needs and that the absence of social capital naturally occurs as a result of this basic physical deprivation. (The 'absolute' then, given the thesis definition encompasses the 'social') Naturally enough then the definition of 'development' which the thesis proposes reflects a belief that the fulfilment of the physical and material needs provides the foundation, for what we might call the 'higher level' social outcomes. In simple terms then the process of fulfilment of the basic needs

³ It is unavoidable that when seeking to identify those communities which are in effect the 'poorest' that an initial surface assessment is made on the basis of absolute deprivation. In a practical sense, relative to the initiation of development programmes it would seem logical that before going randomly to a community to ask them what their problems are, that an initial assessment is made of which communities are of greatest need. Certainly there will still remain some elements of subjectivity within this. However, it is proposed that it remains valid as long as this initial external assessment is not then used as the baseline for planning the development of the specific community.

There is a place for a definition of poverty based on an absolute concept of deprivation. However if being used as a benchmark in planning development programmes it should only be used in the initial selection of communities of greatest need and still at this stage in consultation with relevant parties in the region. When it comes to the stage of planning development with the community the definition of poverty and its dimensions should come specifically from the community. At this stage the context of the relative dimensions will be added to the absolute and a baseline will be created which is an appropriate one from which to design a relevant programme.

is the development 'means' to achieving the key development ends i.e. social capital outcomes.

So the starting point is absolute physical and material poverty (the thesis definition of poverty) and the end point is social harmony (the thesis definition of the outcome in a developed community). As is explained later in this chapter, the commonly assumed relationship between social capital and human development is challenged, i.e. that a certain level of social capital is necessary before economic development outcomes can occur. It is proposed that it is these social outcomes which are the purpose of development, and that the economic should be viewed as the catalyst for helping to achieve these outcomes and not vice versa.

Below further clarification and definition will be provided around the concept of social capital. However, given these initial definitions there is a logical division between the basic material and physical needs and outcomes and the social needs and outcomes. The following list defines what are believed to be the key indicators against which to measure development of basic material and physical needs.

Basic Physical and Material Needs Indicators (to be used in thesis primary research)

- Evidence of increase in income
- Evidence of increasing capacity to cope with unforeseen limitations to income earning opportunities
- Evidence of increased education opportunities for family members
- Evidence of increase in skill base necessary to ensure sustainable income
- Evidence of improved access to healthcare and corresponding improvements in health.
- Evidence of improvement in asset base
- Evidence of improvement in housing
- Evidence of increase in household food consumption
- Evidence of improved nutrition
- Evidence that the majority of participants are on or below the poverty line on entering the programme.(The poor, weak and vulnerable should come first)

(Johnson and Rogaly 1997, Narayan 2000, Callanta 1988, Chambers 1997)

Development Definition

These then are some of the parameters against which the impact of the two micro-finance programmes will be measured. Since these parameters and indicators have been derived from the chosen definition of poverty, it is safe to say that the impact being measured is the impact on levels of poverty. This understanding then, provides us with our foundation for defining 'development'. As Robert Chambers the father of participatory development practice relates "practice cannot and should not be divorced from theory" (Chambers 1997). The thesis then looks to a definition which seeks to articulate in broad terms what development is and is seeking to achieve. It is viewed simply as a function of the process required to alleviate poverty and the outcomes which result from this process.

The thesis definition then of development can be broken into two parts, (process and outcome) and relates solely to those communities living in absolute poverty, as defined above;

- *Process*: A series of steps designed and implemented with the goal of removing the community, sustainably, from poverty.
- *Outcome*: A situation in which minimum benchmarks (determined by the community) have been met (against key poverty indicators determined by the community) and the community has developed the capacity to sustain them.

In simple terms the poverty indicators outlined above and those outlined below in the section on social capital are those that we will use to measure the extent of poverty alleviation and the corresponding level of 'development' that have occurred.

Social Capital

One of the key buzz phrases to emerge from development academia around the world over the past 10 years has been that of 'Social Capital'. This interest largely results from the work of Professor Robert Putnam, a leading Harvard political sociologist. In a book entitled '*Making democracy Work, Civic Traditions in Modern Italy*', Putnam sought to explain the variable performance and quality of Italy's 22

regional governments. After considering a range of possible explanations, the conclusion reached was that the principal factor influencing the quality of governance was the degree of 'social capital'. (Blakely 1998, Loomis 2000)

The majority of the literature stemming from this initial discussion of the concept has focussed on the potential for this so called 'social capital' to provide a foundation for economic outcomes. The predominant neo-liberal paradigm (Rostow 1956) appears to have provided an impetus which has led to the assumption that all things must be considered in the context of these economic outcomes; that development objectives should be centred in seeking economic outcomes and that seeking progress is simply about figuring out how all the parts work together to ensure that economic growth is achieved. This premise assumes then that if economic growth has occurred in a person's, household's, community's, region's or a country's life, that a positive end in development terms has occurred. This leads to the further assumption that the more material wealth in place at these various levels the more complete are the lives of the people involved. (McShane, 1998)

This thesis cannot align with this very narrow conceptualisation of humans and the form of development which it proposes is required to ensure they can maintain lives of dignity. Therefore, in assessing the relationship between economic and social capital it reverses the thinking of the majority of the social capital theorists and considers the potential for micro-finance programmes (economic intervention) to provide a foundation or catalyst for producing social capital. In essence it considers social capital more as a development end point or outcome, rather than as a 'means' or development stimulus.

The thesis will avoid entering into the debate on the validity of the concept of 'social capital and its various definitions. Instead a set of indicators of 'social capital' will be extracted from the definitions provided by various authors. These will then be used as the reference points for measuring the impact of two micro-finance programmes in the case study.

One of the many definitions proposed for the concept of social capital is that of Murdoch (1998:11) as he writes:

Social capital refers to the creation of networks, goodwill, trust, shared values, norms, and generalised reciprocity which arise from interactions between

people. It has a cumulative effect, whereby effective interventions with others results in increased confidence and trust which encourage further collaboration.

The definitions (of social capital) of authors including Murdoch⁴ (1998), the Oxford paperback dictionary⁵, Blakely⁶ (1998) and Loomis⁷ (2000) have been used as reference points in deriving the following indicators of social capital.

Indicators of social capital derived from definitions:

- Evidence of increased sense of belonging of most vulnerable
- Evidence of increased awareness of causes of individual and community problems
- Evidence of increased commitment to share with and help others and contribute to bringing a more healthy community
- Evidence of increase in power, status and respect of most vulnerable groups, within the household and the wider community.
- Evidence of increase in focus on or practice of religion or spirituality

⁴ "The enhancement of social cohesion or harnessing of social capital to achieve positive outcomes requires consensual (community wide) values and consequent action (Murdoch 1998: 12). Social capital refers to the creation of networks, goodwill, trust, shared values, norms, and generalised reciprocity which arise from interactions between people. It has a cumulative effect, whereby effective interventions with others results in increased confidence and trust which encourage further collaboration" (Murdoch 1998: 11)

⁵ "The Oxford Paperback Dictionary (1994: 762) states 'social' means 1. Living in an organized community, not solitary 2. Of society or its organisation; of the relationships of people living in an organised community. Of or designed for companionship and sociability".

⁶ "Social capital is the stock of goodwill and trust built up when people voluntarily participate and co-operate for mutual benefit. Social capital leads to a sense of belonging, confidence to resolve community problems, and a platform for social and economic wealth" (Blakely 1998: 20)

"Social cohesion is achieved by the willing and sustainable commitment of the members of a society to its institutions including families, communities, cities and the nation" (Blakely 1998: 17-18).

⁷ "The existence of voluntary associations, social networks, close knit families, and norms of co-operation and reciprocity are more important for development than finance or natural resources". (Loomis 2000: 893)

"According to Putnam then a strong tradition of civic engagement founded upon active civic associations and groupings assists in building the kind of trust, social norms and personal networks that are critical for the operation of both effective government and successful market economies". (Loomis 2000: 893)

"Economists have named this X factor 'social capital'. The term usually includes social cohesion, good governance, legal frameworks and institutions for establishing the legitimacy of the social order. UNDP defines social capital as those features of a society such as networks, institutions, codes and values (e.g. tolerance, inclusion, reciprocity, fairness, and trust) - that facilitate co-operation for mutual benefit." (Loomis 2000: 894)

"Berkes and Folke (1992, 1994) argue for a separate cultural capital, which they define as factors that provide human societies with the means to interact with each other, and adapt to and modify the natural environment (e.g. traditional ecological knowledge). The definition includes shared world views, values, ethics and codes for a society." (Loomis 2000: 895)

"But it also lists social institutions (especially the extended family and reciprocity networks) cultural knowledge, and spiritual values which are missing from most national accounts of sustainable development indices." (Loomis 2000: 899)

- Evidence of increased individual and collective confidence and power among programme members in consulting with public authorities
- Evidence of more harmonious relationships in the household and in the community.
- Evidence of the very poor voluntarily participating in associations and social networks and co-operating for mutual benefit
- Evidence of shared values and consequent action.

Summary

A set of indicators has been defined which will be used as the measuring points for assessing the impact of the two case study micro-finance programmes. These indicators are broken up into two classifications. The first tier is that of the basic material and physical needs indicators. The second tier are those that the thesis have labelled the social capital indicators. The hypothesis presented is that the basic and material needs represent the foundation or platform upon which the community is able to seek those outcomes that represent the genuine fulfilment of an effective sustainable development process i.e. aspects of social capital.

Baseline Indicators (Table 1.1)

Basic Physical and material needs Indicators
1. Evidence of increase in income
2. Evidence of increasing capacity to cope with unforeseen limitations to income earning opportunities.
3. Evidence of increased education opportunities for family members
4. Evidence of increase in skill base necessary to ensure sustainable income
5. Evidence of improved access to healthcare and corresponding improvements in health
6. Evidence of improvement in asset base
7. Evidence of improvement in housing
8. Evidence of increase in household food consumption
9. Evidence of improved nutrition
10. Evidence that the majority of participants are on or below the poverty line on entering the programme
Social Capital Indicators
11. Evidence of increased sense of belonging of most vulnerable
12. Evidence of increased awareness of causes of individual and community problems
13. Evidence of increased commitment to share with and help others and contribute to

bringing a more healthy community
14. Evidence of increase in power, status and respect of most vulnerable groups, within the household and the wider community.
15. Evidence of increase in focus on or practice of religion or spirituality
16. Evidence of increased individual and collective confidence and power among programme members in consulting with public authorities.
17. Evidence of more harmonious relationships in the household and in the community.
18. Evidence of the very poor voluntarily participating in associations and social networks and co-operating for mutual benefit.
19. Evidence of shared values and consequent action.

The indicators are not defined by specific targets which could be said to define the level at which 'development objectives' have been achieved. Such levels, it is believed, would be overly subjective and therefore unreliable. Instead, the research will simply look to identify whether there have been increases against all of the above indicators. It is left to the respondents to decide what level they need to achieve, against each of the indicators, in order to obtain a state which they believe is satisfying.

In summary it is also important to note that a set of indicators has been sought which allows for the voices of those experiencing poverty to genuinely be heard. It is clear that those who 'live with poverty are the poverty experts' (Narayan 2000). It is acknowledged that their knowledge and experience is far too valuable to be ignored (Chambers 1997).

The following Chapter will explore the relevant debates around micro-finance. In Chapter 6, discussion around these key micro-finance debates will be interwoven with analysis of the impact of the case study programmes against the indicators which were identified in this chapter.

Chapter 2: Micro-finance: Background and Debates

This thesis is attempting in broad terms to assess the effectiveness of micro-finance programmes in terms of their impact on the development of ‘absolutely’ poor communities. As a key focal point within this it looks to analyse the relationship between economic capital and social capital. In chapter 1 the definitions and indicators were established against which we will measure the impact and assess the relationship between economic capital and social capital.

Chapter 2 lays out a background to how micro-finance has entered the development landscape. The chapter seeks to bring an understanding of how and why micro-finance holds such a prominent place in development practice and in academic discussion. Initially, then, the chapter looks to the origins of micro-finance in order to relate the need from which it sprang. A brief summary of the most prominent models of micro-finance development will follow, with particular focus on the ASA and Grameen methodologies which are in place at the two organisations which serve as the case study for this thesis. Lastly, there is a discussion of the key academic debates which surround the field of micro-finance, with a particular focus on those issues which relate to the relationship between micro-finance and social capital/impact.

Micro-finance definition

Micro-enterprises are tiny businesses employing 1-10 people. In many developing countries, between 30 and 80 percent of the population work in such enterprises. Micro-entrepreneurs engage in production (such as farming or clothing manufacture), commerce (such as street vending) and services (such as food preparation).

They tend to share the following characteristics:

- They are informal - that is, they are not registered or licensed, and do not pay business taxes
- They use traditional rather than modern technologies

- They are owner-operated
- They do not keep formal books, and do not keep business or household income separate (Wright G.N., Johnson and Rogaly 1997, CGAP 1998)

For millions of people these micro-enterprises are an essential source of income and employment where no other alternatives are available. In the urban areas of many developing countries, a growing percentage of the working population is engaged in micro-enterprise activity. In rural settings also, many families combine micro-enterprise activity with largely subsistence farming, with many depending on it as the only source of family income.*

For their business to prosper, all micro-enterprises must have a sufficient supply of working capital for the purchase of supplies and inventories. Lacking access to formal financial services, many micro-entrepreneurs must provide this financing themselves through their own savings, the help of relatives, or business profits. Others turn to informal lenders, whose loans can be costly. Micro-enterprises often fail to secure the capital they need and miss opportunities for business growth.*

Traditionally, micro-entrepreneurs have not had access to bank loans. The loans they need - anywhere from \$25 to \$1000, are too small for conventional banks to handle economically. Because of their lack of collateral, bookkeeping methods, and informal status, most banks have viewed micro-entrepreneurs as unacceptable credit risks. As a result their sources of credit have mainly been limited to family members, suppliers and informal moneylenders who usually charge extremely high interest rates.*

* (Wright, G.N. 2000, Johnson and Rogaly 1997, CGAP 1998)

Hence the need for a financial institution that can cater to the needs and existing capacity of this poor group. The form of intervention which has been developed to meet this need is called 'microfinance'. Some very simple definitions which have been put forward to explain micro-finance include:

A range of quality, flexible financial services in response to the wide variety of needs of the poor - this approach is known as microfinance. (Wright, G.N. 2000: 7)

Very small deposits and loans are referred to together as microfinance.
(Johnson and Rogaly 1997: 1)

Micro-finance is the provision of banking services for the poor. (CGAP 1998: vii).

In basic terms, then, micro-finance can be said to be characterised by a set of features which make it possible for this very poor group to borrow and repay without unnecessary risk. Every model is different but the majority are characterised by loan evaluations, which focus more on the willingness and ability of clients to pay, rather than on the assets that can be seized if they do not. (CGAP 1998: 10) Chapter 5 will detail the specific features of the two programmes which have been used for the thesis primary research. (CGAP 1998: 10)

History of micro-finance

Only 131 years ago, the highest court of England, the leader of the industrial revolution, would not allow lending to women. Today, in 2004, we have come a long way. According to the State of the Microcredit Summit Campaign 2001 Report, 14.2 million of the world's poorest women now have access to financial services through specialised micro-finance institutions (MFIs), banks, Non-Governmental Organisations (NGOs), and other non-bank financial institutions.

Micro-finance has been a growth industry for the past 20 years. In 1997 an estimated 7000 micro-finance institutions around the world were offering tiny loans to micro-enterprises, deposit services tailored to the needs of poor households, and other financial services such as transfers. (CGAP 1998: 1)

These women account for nearly 74% of the 19.3 million (CGAP 1998) of the world's poorest people now being served by micro-finance institutions. Most of them have

access to credit to invest in businesses that they own and operate themselves. The vast majority of them have excellent repayment records, in spite of the daily hardships they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend both to the poor and to women. (CGAP 1998, Wright, G.N. 2000, Johnson and Rogaly 1997)

However, in the post-war period through to the emergence of the Grameen Bank there was little agreement as to the value of micro-finance in poverty alleviation. From the 1950s, governments and international aid donors subsidised credit delivery to small farmers in rural areas of many developing countries. This was done in order to negate the effects of unscrupulous money-lenders who charged exorbitant interest rates. It was also assumed that poor people found great difficulty in obtaining adequate volumes of credit and that this needed to be addressed. (CGAP 1998) At that time Development finance institutions, such as agricultural Development banks, were responsible for the delivery of affordable credit to poor rural people. (Adams and Von Pischke, 1992)

Loan repayment rates were, however, very low as a result of inappropriate systems of accountability being imposed. The use of public money to waive outstanding loans at election time also weakened the credibility and financial viability of these schemes. As a result many of these development finance institutions were unable to sustain their lending programmes. (CGAP 1998, Wright, G.N. 2000) “Micro-credit as an intervention for poverty reduction was largely dismissed as a sustainable option.” (Johnson and Rogaly 1997: 5)

The perceived failure of subsidised credit led to a shift in attention of donors and resource allocators in the mid-1970s to market-based solutions. (Adams and Von Pischke, 1992, Johnson and Rogaly 1997). Various arguments were put forward as to why subsidised credit would not work. The central argument was that only the market could decide the correct level of supply; that oversupply of subsidised credit without realistic assessment of people’s ability to repay could result in impoverishment for borrowers. At the same time it was proposed that the high risks attached to private lending justified the high interest rates. As Johnson and Rogaly (1997: 6) put it: “Potential borrowers face high transaction costs when they seek loans from formal sector finance institutions. These costs included the time, travel and paperwork involved in obtaining credit and were often

prohibitive for poor clients, especially those most geographically isolated. Some then suggest that the provision of credit should be left almost entirely to the private sector".

In essence there was a swing back to the right, to an understanding that if these programmes did not align completely with the ebbs and flows of the market that they would only serve to exacerbate poverty. When the system was found to be imperfect, the policy makers chose, instead of working through the practical flaws, to instead adopt a completely different ideology. As often occurs when ideology dictates practice, this led to a situation where, in effect, the entire practice of subsidised credit was discarded; where the 'baby was thrown out with the bath water'. (CGAP 1998, Wright, G.N. 2000) "In concentrating on the problems of publicly subsidised credit, these economists ignored the social ties, power relations and coercion associated with the activities of money-lenders". (Johnson and Rogaly 1997: 7)

But over the past 26 years a wide variety of institutions, mainly nonprofit social service organisations, have developed methods that allow them to deliver loans to micro-entrepreneurs and other poor clients at a manageable cost while maintaining high repayment rates. In many developing countries micro-finance has grown dramatically; it is already supporting the income and welfare of tens of millions of customers.

The first of these institutions to gain prominence was the Grameen bank, which was initiated in 1977 in Bangladesh. It was initially rooted in the central bank of Bangladesh and later spun off as an independent bank. Grameen gave loans without asking borrowers to provide collateral nor to engage in paperwork. It pioneered what was to become known as 'group-based' lending. The borrowers were provided with financial services at their doorstep. Contrary to most earlier experiences, Grameen established a system of reliable repayment from the borrowers who were below the poverty line. (Adams and Von Pischke, 1992, CGAP 1998, Wright, G.N. 2000, Johnson and Rogaly 1997)

Scale and self-sufficiency in these micro-finance institutions have become feasible because of new techniques for reaching micro-entrepreneurs. Their development shattered the conventional wisdom of banking which held that micro-enterprises were too risky and too costly for anyone to serve profitably. In fact, the earliest micro-enterprise credit programmes tried to adapt techniques from commercial banking and made little headway

until organisations such as Grameen Bank and ACCION International introduced techniques adapted from informal financial systems.

These innovations used non-traditional approaches to solve risk and cost problems. Firstly, they found that they could reduce risk not by analysing loans more thoroughly or requiring more collateral, but by giving clients strong motivation to repay. (Bolles 1992, Adams and Von Pischke, 1992, CGAP 1998, Wright, G.N. 2000). Secondly, they found ways to slash their administrative costs. They drastically simplified and decentralised loan application, approval and collection processes. Solidarity group programmes gave borrowers responsibility for much of the loan approval process. The function of loan officers was transformed so that each loan officer could handle a large number of clients. (Adams and Von Pischke 1992, CGAP 1998, Wright, G.N. 2000, Johnson and Rogaly 1997)

Finally, innovators found that borrowers were willing and able to pay interest rates that covered the higher costs associated with providing credit in small amounts. Borrowers were able to pay more than commercial bank rates in order to gain access to credit that otherwise would have cost them far more through the informal system or would have been unattainable. (Bolles 1992, Otero and Rhyne 1994). As Johnson and Rogaly (1997) note; “Innovative features in design have reduced the costs and risks of making loans to poor and isolated people, and made financial services available to people who were previously excluded.” (Johnson and Rogaly 1997: 5-7)

These three areas of innovation laid the foundation for the potential sustainability and expansion of micro-finance, that is: repayment motivation, streamlined administration, and market-based pricing. (Otero and Rhyne 1994, Johnson and Rogaly 1997)

Micro-finance models

Many different models of micro-finance have developed since the original Grameen Bank model formed in Bangladesh in 1977. A multitude of terms, a multitude of models. It is important to understand that this multitude stems from the fact that there exists in each country, community and household an enormous diversity of desires, needs and priorities.

There simply is no right model of 'best practice' which can be blueprinted throughout the world. Many of the failures of micro-finance programmes have occurred because it was believed that they had to follow a single model. (Adams and Von Pischke, 1992, Wright, G.N. 2000, Johnson and Rogaly 1997, Otero and Rhyne 1994)

Micro-finance methodologies can be grouped into three broad classifications: (Otero and Rhyne, 1994, CGAP 1998)

- Credit Unions
- Peer Group/ Solidarity Group lending
- Village group lending

Credit Unions began operating in developing countries in the 1950s. They are co-operative community institutions that provide savings and credit facilities to individual members. Membership eligibility is usually defined in terms of a 'common bond' that confines membership to a group of people who have a natural affiliation with each other. The theory is that restricting membership to people who are known to other members of the group reduces credit risks and provides peer pressure which reduces repayment default risk. (Otero and Rhyne 1994, Johnson and Rogaly 1997)

Credit unions are now found in the majority of developing countries throughout the world. They have been adapted to rural and urban settings alike. (Otero and Rhyne 1994, Johnson and Rogaly 1997)

Peer Group Lending or Solidarity Group programmes represents the model most commonly identified with contemporary debate on micro-finance. It is distinguished by the following characteristics:

- Three to ten micro-entrepreneurs join together to receive access and related services such as training and organisation building
- Group members collectively guarantee loan repayment, and access to subsequent loans is dependent on successful repayment by all group members
- Loans are appropriate to borrower needs in size, purpose and terms.

(Otero and Rhyne 1994: 119,120, Johnson and Rogaly 1997: 39)

In normal banking practice, the goals of providing financial services to the poor and attaining financial viability are at odds. Poor people are usually considered problematic

borrowers. Because the loan amounts they seek are small, the administrative cost per loan is high. Because they lack collateral or access to co-signatories to guarantee their loans, lenders perceive them as risky. (Otero and Rhyne 1994, Johnson and Rogaly 1997)

The Peer Group lending model reduces risk through the group mutual guarantee while at the same time providing low cost administration per borrower on a high volume of small loans. In essence it is built on the assumption that the poor present no greater risk than the wealthy, and that they simply lack appropriate financial opportunity. (Otero and Rhyne 1994, Johnson and Rogaly 1997)

“Since the 1970s, peer group lending programmes have grown in number, size and variety of settings. Today, solidarity group-type lending schemes are being used world-wide in 24 countries, serving more than a million borrowers. Numbers have grown significantly over the last five years.” (Otero and Rhyne 1994: 119,120, Johnson and Rogaly 1997: 39)

Village Banks are community managed credit and savings associations. Many agencies in recent years have based their village banking programmes on the model designed by John and Margeurite hatch and presented in the ‘Village Bank Manual’ (1989). It attributes poverty to low perception of personal capability and opportunities, limited access to external resources and low or non-existent personal savings. The manual theoretically provides the tools to enable people to break out of poverty, including loans for income-generating activities, incentives to save money and a mutual support group of 30 to 50 members. (Otero and Rhyne 1994, Johnson and Rogaly 1997)

Village Banks take seed capital from donor agencies and then on-lend the money to their members. All members offer a collective guarantee. They charge commercial rates of interest. At the end of the 16-week loan period, the village banks repay the donor agency with interest. Once the first loan is repaid members can access a second loan. The amount available for this second loan is determined by the savings a member has accumulated through the first loan period in weekly contributions. (Otero and Rhyne 1994: 156,157, Johnson and Rogaly 1997)

No interest is paid on savings. Instead members receive a share of profits from the village bank’s relending activities. Once a member has saved a certain predefined amount

they are forced to graduate from the programme. (Otero and Rhyne 1994: 156,157, Johnson and Rogaly 1997)

Of more relevance perhaps than these broad classifications is the organisations that have been (given certain indicators) extremely successful and as a result been seen as models which should be replicated elsewhere. The most well known of these and in fact the pioneer of large scale group lending for the poor is Grameen Bank, in Bangladesh. It has been replicated all over the world. It is particularly relevant in this case as it is in place at one of the organisations used for my primary research - Group B.

The key principles that underpin the Grameen model can be summed up as:

- *Social Collateral*: the notion that individual borrowers repay because of strong socially constructed collective responsibility at the level of the small group, of about five people, to which each borrower member belongs.
- *Borrower Participation*: the idea that there are strong participatory elements to the management of microcredit, through the involvement of borrowers in both operational and policy decisions. Organisational policies are responsive to borrower needs and circumstances, and borrowers collectively have a strong sense of identification with, and commitment to, the organisation.
- *Absence of Subsidy*: the belief that the interest rates paid by borrowers are not subsidised. Charging a relatively high interest rate that covers the full cost of the programme, and which the poor are apparently willing to pay, appears to be a win-win proposition. The absence of subsidy is expected to (a) provide a discipline that will give borrowers an incentive not to try to grab more credit than they can afford to repay (b) discourage the relatively wealthy from monopolising the service; and (c) discourage management from trying to establish or expand programmes mainly to again access to subsidies and the patronage, rent seeking or other improper benefits that these might generate. (Jain and Moore 2003: 7, Johnson and Rogaly 1997: 7)

Another organisation whose model is being replicated within a number of developing countries is the Association for Social Advancement (ASA). Again, A.S.A. is particularly relevant as parts of their model have been adopted at an organisation used for my primary research -. Group C. ASA. started in the early 1980's with a relatively radical

agenda of social transformation. In 1990-1991, its leadership decided to focus on an economic empowerment agenda. They chose micro-credit as the core activity, and adopted the Grameen approach. Starting from scratch in the credit field in 1991, ASA ran a programme that grew fast and became one of the largest and most highly regarded in Bangladesh. By the end of 1990s, many specialists believed that ASA had emerged ahead of Grameen as the new leader of micro-credit models, even though Grameen was still growing fast and feted worldwide. (Jain and Moore 2003)

Two factors were chiefly responsible for its success, First, despite its fast growth, ASA had maintained a high quality loan portfolio, with an on time repayment rate of close to 99%. In contrast, the Grameen's on-time loan recovery rate had dropped to less than 90%, with many believing it to be as low as around 70%. Second, unlike other microcredit programmers, ASA relied very little on donor funds or low cost finances. Charging a higher interest rate than Grameen, ASA reached financial viability within two years of starting. (Choudhury and Kamal 2002, Johnson and Rogaly 1997, Jain and Moore 2003: 4, 5)

In the cases of both organisations used for primary research, the principles of each model have been adopted to the specific needs and cultural norms prevalent in the urban Filipino environment. However, the comparison of the two models will provide an illustration of the operational differences between the ASA. and the Grameen models.

Current debates

The academic debate around micro-finance is fierce. The key issues which form this debate can be summarised as the following:

1. Does micro-finance, in essence, serve to address only the effects and not the causes of poverty?
2. Is micro-finance a tool that is compatible with the achievement of gender empowerment?
3. Can credit alone be a panacea for eradication of poverty? (Rogaly and Johnson 1997: 1)
4. Does an efficient and economically sustainable institution correspond with maximum outreach and impact in the community?

5. Is micro-finance an effective tool for meeting the needs of the poorest of the poor?
6. Can a micro-finance model be successfully transplanted to a target community when it has been developed in a different context?

Each one of these debates forms a part of the picture which is the key theme of this thesis. Therefore I will summarise the main perspectives relating to each of these issues, with reference to their relationship to this key theme.

A further debate which could be said to underlie all of the above issues is that of features of micro-finance best practice. There are numerous different theories as to which features should be included to ensure an effective poverty alleviation programme (Shaw 2002). For example, Remenyi (2002: 41) notes the opinion that the core features of micro-finance best practice include:

- Know your market
- Lead with savings
- Concentrate on your best clients
- Follow the principle of subsidiarity
- Keep it frequent and small
- Honesty and integrity are essential
- Poverty targeting is essential
- Commercially efficient management is essential
- Participatory risk management is a must
- The poor do not need charity; they need good products and service.

It is hard to argue with the perspective that there is continuing and quite rapid improvement in understanding how financial services for poor people can best be provided. (Johnson and Rogaly 1997, Bolles 1992). However, every community has a unique context. The key factor in ensuring a suitable programme is that the organisation develops the design of the programme in direct consultation with the community. Coupled with this there must be a commitment to bringing services that are tailored to the unique needs and priorities of the target community. (Graham and Wright 2000, Johnson and Rogaly 1997)

Given this understanding I do not propose to debate the merits of the various components which can be included in a micro-finance programme. Instead I will simply compare the impact of two very different programmes on the development of what are two very similar target communities. From this point I will work backward to determine whether the methodological features are appropriate, given the context.

The first key theme is; **“Does micro-finance serve to address only the effects and not the causes of poverty?”** *This* is at the heart of the overall thesis discussion. In chapter 1 I have suggested that social capital/ harmony or lack thereof is the key parameter for assessing levels of poverty and/or development. Therefore, in assessing the impact of the micro-finance programmes I view aspects of material poverty as both an element of and a cause of poverty. I.e. Material poverty is both an indicator of ‘absolute’ poverty as well as causing the absence of social capital/ harmony that is the essential purpose and desired outcome of development.

Central to this particular issue is the discussion of whether micro-finance is an effective tool for facilitating the type of multi-layered change that may be necessary to ensure actual ‘sustainable’ development. Many academics argue that micro-finance is deficient as a tool for facilitating genuinely sustainable development. (Remenyi 2002, Rozario 2002) Their arguments essentially suggest that micro-finance provides only an economic bandaid and does not equip the participants or the community with the tools they need to bring about lasting structural change. An advocate of this perspective is Rozario (2002: 67), who writes: “In particular, Grameen bank-style microcredit does not confront the social, cultural and legal barriers that in practice keep the poor, and especially poor women, in their place.”

Some go so far as to suggest that micro-finance serves only to further entrench feelings and attitudes of helplessness amongst the poor. They suggest that micro-finance programmes are paternal in nature and that they encourage an unhealthy dependence, a dependence which can only stunt genuine structural change. (Remenyi 2002, Johnson and Rogaly 1997, Rozario 2002, Kabeer 1994). Rozario writes that:

In practice, Grameen Bank and the other various NGOs specialising in micro-finance are competing to build up networks of clients who are indebted to them and dependent upon them. In a way, these networks reconstitute the old patron-client relationships of village politics on a much larger scale, and in a style more attuned to the neoliberal economic theory of the international financial establishment. Like the old networks, they cut directly across any development of 'solidarity' on the basis of class or common relations of exploitation. Thus, poor village families are becoming permanent clients of one or another organisation, while the poorest of the poor are excluded altogether. (Ebdon 1995)(Rozario 2002: 68, Wright 2000).

If this statement is accurate then key elements of social capital, cannot be cannot be achieved through micro-finance programmes. This thesis however does not accept a view based on any given academic viewpoint. Instead it looks to an objective analysis of the actual responses of the people affected by poverty about the impact of micro-finance on their lives. Indicators which include aspects such as 'solidarity' will be included in this analysis.

Resting within this issue is a key sub-issue; that of the relationship between micro-finance and gender empowerment. It is with reference to this sub-issue that I will present a range of perspectives as to the potential of micro-finance to facilitate genuine structural change.

There is a great deal of debate around the impact of micro-finance on women's empowerment. The majority of this debate is based on differing ideological concepts of what empowerment means and actually looks like when achieved. In particular, the theory of conscientisation has been used to dismiss a great deal of the material and physical impact brought about by micro-finance programmes. (Johnson and Rogaly 1997, Rozario 2002, Graham and Wright 2000, Kabeer 1994)

This thesis is skeptical of ideology driven development theories, which in effect second-guess the actual responses of community members as to the impact of a given

programme on their lives. (Kabeer 1994, Moser 1989). It is skeptical of potentially ethnocentric blueprints (Edwards 1989, Brohman 1995) for gender empowerment; these blueprints which in some cases reject the possibility that women in particular cultures may find genuine happiness and 'empowerment' in a form which does not align with their externally derived concepts of 'equality' and 'equity'.

Graham and Wright (2000: 18, 19) offer insightful commentary:

Too often the conscientisation process has resulted in a well-intentioned elite of community development workers taking hours of villagers' precious time attempting to 'raise the consciousness of the poor' (with the implication that the poor do not somehow fully understand their situation in which they live day to day). The implicit arrogance of this is amplified by Hedrick-Wong's (1997) assertion that, 'Gradually, the outlook and attitude of the poor are expected to change from hopelessness to self-confidence and self-reliance'" The detailed village-based socio-anthropological work of both Sarah White (1992) and Helen Todd (1996) clearly refutes this patronising idea that the poor are somehow hopeless and helpless until some beneficent NGO worker comes along.

Careful examination of the motivation of the poor lead many practitioners and commentators to conclude that the poor put up with the endless dialectics in the hope that they might eventually get access to something useful ... like access to credit. As Razia Ahmad noted back in 1983 "... we must not overlook the special conditions under which then poor are motivated to form groups. These people, who are on the brink of survival and in chronic capital shortage, will logically be induced to accept conditions which are even alien to them in order to obtain cash. So it may not be the group idea which actually attracts the rural poor, but the possibility of hopes getting some quick cash."

Even the most dedicated conscientisers of the 1970's have now renounced their liberal ways. S.A. Khan, a Maoist of conviction who spent years organising landless associations in Comilla notes, "Given that all the landless groups thus organised (36 groups of about 400 individuals) collapsed as soon as the project ended, it would appear that the provision of credit was the main attraction. In order to gain credit, they were willing to undergo superficial 'class indoctrination'. They soon realised that the more revolutionary they were in rhetoric, the greater were their chances to receive credit."

This is not by any means meant to suggest that many millions of women do not find their situation untenable. However what it does propose is that their concepts of what will alleviate their situation may differ radically from Western concepts of freedom and happiness (Brohman 1995).

Given this understanding there will be no attempt to second guess the primary data outlined in Chapter 5. The assessment cannot be completely free of subjectivity, given that there are human beings involved. However, inherent in the analysis will be a respect for the statements and opinions of the interviewees. No attempts will be made to second guess, based on a perceived 'superior awareness of underlying issues'. On the surface the assumption that the only relevant source of data in ascertaining genuine impact is the statements of the 'absolutely poor' largely negates the need for the majority of the discussion to follow. However, it is important to understand the key issues which drive the academic debate and to a certain extent drives incremental improvements in micro-finance process.

The broad issue is whether micro-finance is an effective tool for facilitating sustainable women's empowerment. Zafar (2002: 63) provides a thorough definition of empowerment. This will be used as something of a baseline. However it is important to note that the concept of empowerment is very much a contested concept.

Stated simply, lasting empowerment for women is based on: 1) an improvement in their bargaining position, both within and outside

the family 2) a visible foundation of economic and social gain 3) a process that mainstreams their participation at institutional and policy levels. Empowerment involves change at three broad levels; within the household, within the community, and at a broader institutional or policy-making level. However, empowerment must also involve a transformation in how women define themselves in the context of an evolving society. It can be seen as a process through which they are able to transform their self-perceptions - equivalent to an alchemy of visibly transforming gender roles.”(Zafar 2002: 63).

Most acknowledge that micro-finance can be effective in increasing the income of individual women and hence families. Debate continues over whether this essentially economic improvement translates into both an improved standard of living and an increased level of power and status (both in the home and in the community) for these women programme participants. (Bhatt 1995, Hunt and Kasynathan 2002, Johnson and Rogaly 1997).

We see that Zafar goes even further and suggests that women must redefine how they see themselves. This perspective reeks of ‘conscientisation’ ideology. It suggests that they do not see themselves as they should and that they need to change their perception to fit that of more sophisticated outsiders. As aforementioned, this thesis rejects this part of the concept of empowerment. It is proposed instead that women in poor communities know what they want, that what they require is the opportunity, the confidence, and the resources to achieve their goals. (Moser 1989, Kabeer 1994, Afshar 1992)

This does not preclude the understanding that structural and cultural factors can bind this disempowerment. Rather, what it says is that women do not need to be told by any outsider what will make them happy. This means potentially that they do not need to conform to Western concepts of equality and equity in order to find fulfilling, satisfying lives. It is hypothesized that the imposition of these concepts through a supposed ‘conscientisation’ process may lead to a stunting of genuinely sustainable development. (Kabeer 1994) The essence of women’s empowerment is for women to achieve a situation

in which they are able to make choices and act upon decisions to ensure they lead satisfying and fulfilling lives in an environment which will sustainably protect these rights. (Moser 1989, Zafar 2002, Chambers 1997, Afshar 1991)

The majority of the discussion rests around three issues:

- 1) Whether the economic impetus of a micro-finance programme leads directly to sustainable improvements in the material standard of living of women participants.
- 2) Whether micro-finance programmes can facilitate a sustainable increase in individual and collective awareness, confidence and solidarity of vulnerable women.
- 3) Whether micro-finance programmes can facilitate an increase in power for poor women both in the home and in the community, to the point where they can control and even transform oppressive cultural norms.

(Remenyi 2002, Johnson and Rogaly 1997, Rozario 2002, Graham and Wright 2000, Kabeer 1994)

As outlined in Chapter 1 the thesis definition of development includes the premise that the foundation of development must be the provision of basic needs. In the context of women's empowerment, it follows that genuine 'strategic' level empowerment cannot occur until the foundation of basic material needs have been satisfied (Moser 1989, Beneria 1982).

Most of the debate around micro-finance does not dispute that micro-finance programmes facilitate improvements in material well-being. What they do dispute is whether the material improvements are equally shared throughout the family. In gender terms this issue translates into a question as to whether women are able to maintain control over the income which they bring into the household. The issue of sustainability of material welfare then relates directly to the issue of a women's power in the household. (Remenyi 2002, Johnson and Rogaly 1997, Rozario 2002, Kasynatathan 2002)

An old and possibly overly simplistic argument suggests that regardless of how the increase in income is distributed it is far more likely to benefit the whole family if it is earned and controlled by the women. As Kasynatathan (2002: 71) notes: "Research suggests that equity and efficiency arguments for targeting credit to women remain

powerful; the whole family is more likely to benefit from credit targeted to women, where they control income, than when it is targeted to men.”

However the concern of feminist writers is not for the wider family but rather for the welfare of the individual woman client (Moser 1989). As Graham and Wright (2000: 25) note: “They found that a ‘significant proportion of women’s loans are directly invested by their male relatives, with women borrowers bearing the liability for repayment, though not necessarily directly benefiting from loan use”. Another example is that of Johnson and Rogaly (1997:38), as they analyse the work done in Bangladesh by Goetz and Sen Gupta. “A useful distinction to be made is between receiving a loan and using it. The investigation carried out in Bangladesh by Goetz and Sen Gupta, demonstrated that, even when it was women who received the loans, gender relations in the households affected how loans were used, and the degree of control the woman borrower retained over their use.” The fundamental concern of these writers is that even though the women are receiving the loans individually, they may be in a position where they do not control the money and receive little or no personal material benefits from it.

However some suggest that this is a particularly Western feminist interpretation. Extensive research has identified that the simple act of bringing these loans into the household can raise the women’s status in the family¹.

Graham and Wright (2000: 1, 2) note that:

Western feminist commentators have accused micro-finance programmes of making women even more vulnerable to gender-based conflict since they often pass on their loans to their husbands. This practice of giving loans to the husband to use is economically rational, but careful examination of the evidence suggests that it also typically strengthens the position of the woman in her family. Women attend the MFI’s time-consuming meetings in order to

¹ “Almost irrespective of society or culture, the status of women in households has long since been tied to their earning potential or capabilities. Dixon (1980) argued that a ‘woman earning half of the household income will likely have more bargaining power than the woman who earns more, even when the total household incomes are the same.’ Mizan (1994) also asserts that ‘In developing countries survival of low income families may compel all members to engage in productive activities. In spite of little improvement in total household earnings a womans’ status is likely to be affected by the increase in bargaining power as a result of her crucial contributions to family subsistence.’”(Graham and Wright 2000: 23,24)

conduct the family's banking, thus reinforcing and enhancing their traditional role of the family's budget manager and giving her additional status. What is more useful is the concept of the 'centrality' of the woman in the management and decision-making of the family ... Sarah White (1992) comments that this notion of centrality "focuses analysis on relationships, rather than assuming an essential individualism, (and) seems a more appropriate term than autonomy as a way of conceiving interpersonal power in the Bangladesh context".

Graham and Wright then go on to comment further on the research into the impact of micro-finance on gender roles of a former proponent of the concept of conscientisation, Naila Kabeer. They write: "Kabeer also found that, 'it becomes very clear that for many women, the status of being a supplicant in relation to men is galling and humiliating ... it helps us to appreciate the importance of women attached to their new identities as bearers of valued economic resources and their consequent enhanced sense for self worth. This was particularly evident in the transformation of the meaning and experience of work that many loanees reported, even where it entailed, as it often did, an increase in their workloads.'"(Beneria 1982, Moser 1989, Graham and Wright 2000: 29)

The issue of 'workload' extends directly out of this discussion. There are several feminist authors (Beneria 1982, Illo 1999, Moser 1989, Kabeer 1994) who suggest that micro-finance participation leads, for the women participants, to the imposition of a double workload burden. They suggest that in an environment where the domestic workload is assumed to be the woman's exclusive domain, that the need to participate in work outside the home can only oppress the women participants.² As Johnson and Rogaly note (1997:38): "In addition attendance at regular meetings can involve a heavy cost in terms of time for women, especially for poorer women, who in many socio-economic environments have heavier workloads than better-off women or men."

² Graham and Wright (2000: 21): Another common concern of many commentators is that so many development programmes target women that they become overloaded and responsible for everything. from childcare to contraception, from cleaning to cooking, from fetching water to feeding family and livestock, from generating to saving income and all in between.

It is no doubt reasonable and important to ask whether micro-finance programmes targeting females are overburdening already over-worked women (Moser 1989, Beneria 1982). However, once again we must not lose sight of the woman's reality and impose an ethnocentric utilitarian worldview. I go back to the recurring theme of this thesis; the only way to establish in a valid sense how poor women feel about the extra workload is to ask them. Once this is done we must accept their answer as valid. Graham and Wright (2000: 29) include two particularly profound quotes from the research of Todd (1996):

Sister, listen. It is a pleasure to do this income work. Before, after I finished the housework I used to just sit around. Now I get Taka from Grameen bank and I use it to make more Taka. I tell you it is a joy to work hard when you are making progress." (Todd 1996)

Ideas of the mind are everything. If you have money in your hand, you feel joy. If you have no money you feel pain. My labour has increased, but I don't feel it because the money is also coming in. It doesn't feel like hard work. (Todd 1996)

To suggest somehow that these people need to be conscientised because they do not wish to maximise their individual utility is clearly an ethnocentric viewpoint (Brohman 1995). To dismiss and deny the validity of this choice would be to contradict one of the key tenets of grassroots oriented development and indeed a basic human right: that of the individual's right to choose. Central to the blind spot inherent in this perspective is an inability to understand that a woman may gain great satisfaction and fulfilment from making individual sacrifice for the collective unit or family (Harper 1998). (This idea of sacrifice for the collective is one which the primary research of this thesis tackles in some depth.)

This is not to suggest for one moment that those women who tell how happy they are at the opportunity to do this work, do so purely for the feeling of fulfilment they gain from contributing to the family. There is ample evidence that the involvement of the programme increases their status in both the home and in the community.

Graham and Wright (2000: 29) confirm their support for this perspective with their analysis of the results of the research of Kabeer (1998):

The improvement in the socio-economic position of women is then reflected in the behaviour of the women involved in Micro-finance programmes. "When you see women who have just joined the bank, they go around the outskirts and avoid people," explained Maheen Sultan, formerly one of the bank's top women field managers. "But once they've been borrowing money for a long time and they are sure of themselves, they walk through the centre of the village greeting people. Before they were apologising for being there, later they belonged. It's their village, it's their territory."

In fact, research from various sources indicates that that the impact of micro-finance on gender empowerment can extend to factors including: mobility³, respect of spouse and

³ "The programme gives women socially legitimate reasons to move about and to associate with one another in public spheres." (Graham and Wright 2000: 30)

"There may, on the other hand, be circumstances in which the group approach and regular meetings have empowering outcomes for women (Hashemi et al, 1996; Osmani 1996) One rationale for using group-based activities means that women are able to defend their attendance as a social role and obligation. In addition where women are socially isolated, for example as a result of restrictions on their mobility, meeting other women at the home of a friend or neighbour may be of intrinsic value. The role of the group meeting is thus likely to vary in different social contexts; women borrowers themselves should be involved in determining the role and organisation of group meetings." (Johnson and Rogaly 1997: 38)

general relationship with spouse⁴, household decision-making⁵, control of income⁶ and political and legal awareness.⁷

One may come to the conclusion that micro-finance can in fact act as a panacea for all aspects of gender empowerment. However, if the literature is a genuine indicator, it would seem equally clear that involvement in micro-finance programmes can lead to conflict both in the home in the community⁸ (Beneria 1982, Moser 1989, Kabeer 1994). There are also those who suggest that the aforementioned impact is only window dressing, that micro-finance does not address the structural factors that bind the oppression and inequality of women and girls. (Graham and Wright 2000, Johnson and Rogaly 1997). As Rozario (2002: 69) writes:

If empowerment is taken to include challenging rural power structures and gender hierarchies, village women have not gained empowerment through microcredit. Many individual women have experienced some limited improvement in their economic position. They may thereby find that they have a little more leeway in their

⁴ "They found that in almost all cases, the women were adamant that their relationship with their husbands had improved as a result of their involvement with the savings and credit organisation" (Graham and Wright 2000: 27)

"Before Husbands used to earn and that was how wives ate. But now he gives value; I have bought a loan. I am labouring equally with him, that is why he values me more..." (Kabeer, 1998) (Graham and Wright 2000: 23)

⁵ (Johnson and Rogaly 1997: 38) "Micro-finance interventions may lead to empowerment of women by increasing their incomes and their control over that income. Enhancing their knowledge and skills in production and trade, and increasing their participation in household decision-making. As a result social attitudes and perceptions may change, and women's status in the household and community may be enhanced."

⁶ "One approach was to look at the control women retained over loans extended to them by four different credit programmes; the Grameen Bank, BRAC, a large government scheme and a small NGO (Goetz and Sen Gupta: 1996). Results suggested that women retain significant control over the use to which the loan was put in 37% of cases, 63% fell into the categories of partial, limited or no control over loan use. Goetz and Sen Gupta found single, divorced and widowed women were more likely to retain control than others."

⁷ "A second major piece of research has assessed the effect of Grameen and BRAC programmes on 8 indicators of women's empowerment; mobility, economic security, ability to make small purchases, ability to make larger purchases, involvement in major household decisions, relative freedom from domination by the family, political and legal awareness and participation in public protests and political campaigning. (Hashemi et al, 1996. The study concludes that, on balance, access to credit has enabled women to negotiate within the household to improve their position". (Johnson and Rogaly 1997: 13)

⁸ (Graham and Wright 2000: 28,29) "In the words of Schuler et al (1998), 'Credit programmes may reduce domestic violence by channelling resources to families through women, and by organising women into solidarity groups that meet regularly and make their lives more visible... In some cases however, providing resources to women and encouraging them to maintain control over these resources may provoke violent behaviour in men, because they see their authority over their wives being undermined.'"

dealings with the surrounding community and that they have an increased sense of self worth. This IS obviously a worthwhile and praiseworthy development. However, such a limited and individualised form of empowerment is not necessarily sustainable in the long run. The continued practice of dowry and the escalation of dowry amounts demonstrate that development activities, including microcredit provisions, will not go very far in dealing with either poverty or the empowerment of women unless they are prepared to confront structural problems to do with class, status and gender relations. Otherwise they are not curing the disease but simply tackling the symptoms.

Undoubtedly this perspective is grounded in actual experience and so brings a level of validity. However, one may suggest that it is only through the initial individual increase in confidence and power that there will ever arise the collective strength to challenge some of the basic structural reasons behind poverty. This is an issue which we will discuss in some detail in the analysis of our primary research of two micro-finance organisations in the Philippines.

Micro-finance in isolation or as the panacea

Numerous claims are made about the impact of micro-finance programmes. Access to micro-finance is credited with, amongst other things: reaching the poorest, increasing their income, galvanising them into collective action to resist oppression, empowering repressed women so that they are able to take control of their lives, stimulating them to use modern contraceptive methods, giving families access to better health care, education and nutrition, providing a cost-effective, sustainable development model that is applicable not just in developing countries but also among poorer communities in the developed world. (Graham and Wright 2000, Kilby 2002, Johnson and Rogaly 1997)

In short, some suggest that micro-finance is the panacea for poverty alleviation in the world. These people argue that micro-finance in isolation provides the necessary

foundation, impetus for sustainable development to occur completely free of any other intervention. They argue that the financial impetus, accompanied by the collective solidarity gained through the group meetings, leads to a situation where participants can transform their households and their communities. (Adams and Von Pischke, 1992, CGAP 1998)

Other commentators take the opposite tack and suggest that micro-finance is severely limited even as a component of a wider programme, and that it monopolises resources that should be used for other more important interventions. They argue that micro-finance programmes fail to reach the poorest, generally have a limited effect on income, address the symptoms rather than the social causes of poverty, drive women into greater dependence on their husbands, and fail to provide the additional services desperately needed, including health and education. (Graham and Wright 2000, Kilby 2002)

Most commentators now take a middle road (Harper 1998). They agree that there is an important place for micro-finance either as the foundation for comprehensive social development or as a component of a wider programme. Kilby (2002: 119) provides a perspective which stems from this school of thought. suggests that micro-finance can only be effective in alleviating poverty if accompanied by a range of other interventions. At the same time he provides a direct commentary on the key theme of this thesis: the link between micro-finance and social capital:

The key to this debate is that any anti-poverty programme will involve transfers, and if the very poor are to be included in micro-finance programmes models must be adopted which suit their needs and capabilities. It must also recognise that poverty is a lack not only of monetary resources but also of what is increasingly being termed 'social capital', and the opportunity for individuals to make choices around their own and their family's future. Achieving these outcomes is not easy and requires multifaceted approaches not only in micro-finance but also in the broader social development with poor communities. In the longer perspective, micro-enterprise

promotion can never be a substitute for a variety of social sector programmes such as primary health care, environmental sanitation, education, nutrition and family planning and child care, or structural changes such as land reform. Micro-finance should therefore not be seen as a magic bullet for poverty reduction but, rather, as being able to make at best a modest contribution. (Kilby 2002: 119)

Graham and Wright then present the argument that micro-finance should be viewed as a platform or a foundation from which comprehensive poverty alleviation programmes can effectively launch.

Rural financial services for the poor thus act as platforms rather than skyhooks. Access to financial services enables poor rural households to secure and improve their existing situation (their current set of income sources and their capacity to exploit them) giving them a foundation on which to build. Financial services do not reach down with packages of pre-digested assistance that somehow grab poor households and lift them out of poverty. (Graham and Wright 2000: 16)

There is little doubt that there is some truth in all these perspectives. Clearly, we are multi-dimensional beings and require more than a simple increase in income in order to gain fulfilling lives. Micro-finance in the most narrow sense cannot directly and immediately facilitate this. However the poor cannot rely on government or NGO programmes to sustainably provide in all the necessary areas. It may be that the only genuinely sustainable solution is to provide people with the economic opportunity which may give them enough impetus to take charge of their lives with whatever tools are available to them.

Once again there are strong ideological pulls on each side of this argument. The primary research provides us with the opportunity to ask the people involved what they think and feel. Our case study provides us with an ideal opportunity to assess the impact of

two organisations; one of which uses micro-finance as a platform for a comprehensive economic and social development programme and one which uses micro-finance in isolation. To a large extent the emphasis of this research is on assessing the impact of micro-finance. The purpose is not to compare the impacts of the two organisations, however, the way that the data has been collected and presented does provide an opportunity for some analysis and discussion in this area.

Economic sustainability versus poverty alleviation

One of the key selling points of micro-finance as an intervention is that it presents the potential for programmes to become self-sustaining and so ensure the long term provision of financial services to the community. As a result, the issue of institutional efficiency and financial sustainability dominates the monitoring focus of many micro-finance institutions. In many, programme numbers, repayment rates and corresponding institutional viability are used as the key indicators of programme impact.

Within many of these institutions it is assumed that this institutional economic sustainability suggests a successful programme, i.e. essentially that economic sustainability of the institution will correlate with sustainable community impact. As an extension of this it is assumed that the primary goal of a micro-finance institution is to become economically self-sustaining. This suggests in turn that a programme that requires subsidisation has not reached the necessary maturity. (Remenyi 2002, Rozario 2002, CGAP 1998, Jain and Moore 2003)

Jain and Moore (2003: 10) feed into this issue:

The failure of government-supported credit programmes in developing countries has long been attributed to their policy of subsidising interest rates (e.g. Adams et al 1984). This, it is argued (a) undercuts financial sustainability; (b) diverts loans from the poor to powerful groups that wished to benefit from cheap credit (Jain and Moore 2003); and (c) signals to programme managers that cost recovery and financial discipline are not critical issues.

A number of these institutions substitute actual indicators of community impact with indicators of institutional efficiency within their monitoring methodology. Given that this is often the case, it leads to a situation where an organisation defines its success based on outreach and economic efficiency. As a result key performance indicators are often based on the outreach and repayment rates achieved by staff. (Johnson and Rogaly 1997, Rozario 2002, CGAP 1998)

It is natural, given the need for job security among many of these staff, that achieving these institutional efficiencies may in many cases outweigh a concern for working with those most in need. Evidence suggests that there are many cases where programmes end up working with low-risk and in effect, low-need clients. There are high numbers and high repayment rates but those who really need it have been discarded as representing too great a risk to the sustainability of the programme. (Remenyi 2002, Johnson and Rogaly 1997, Rozario 2002)

Johnson and Rogaly (1997: 15) write:

The expansion of NGO credit in Bangladesh has been made possible by the flood of money to that country. One study of the BRAC showed that loan disbursal and recovery had become more important than group formation. (Montgomery, 1996) In 1992, Grameen bank and BRAC employees were found to be offering immediate loans to women in villages where smaller NGOs had been attempting longer term group-based finance (Ebdon 1995). Ebdon attributed this behaviour to fairly strict targets for loan disbursal in the case of BRAC, and in both cases to an imperative for job security for staff and a desire on the part of the organisations to expand their influence and strengthen their reputations" (p52)

Clearly then the lesson is that Micro-finance cannot be assumed to reduce poverty just because it achieves high levels of outreach or almost perfect repayment rates. (Mathie 2002, Graham and Wright 2000, Johnson and Rogaly 1997)

There is no doubt that there is a place for a focus on institutional efficiency, particularly in an environment where people simply cannot access formal financial institutions. There is an argument in these instances that a central goal of these institutions must be to gain financial sustainability as they must serve as the financial provider for the community in the long term. Even in instances where the primary goal of the micro-finance institution is to ensure their clients are capable of accessing formal financial institutions there is still a place for a firm focus on achieving financial sustainability. This will ensure that they can gain the longevity necessary to work with all the groups most in need⁹. (Mathie 2002, Graham and Wright 2000, Rozario 2002)

However, it is important that these institutions remain focused on achieving sustainable development. This may mean that components of their programme may require subsidisation in order to ensure they can remain relevant to the most vulnerable groups. It also means that the organisation as a whole and in particular field staff, require objectives and indicators which focus them directly on community impact rather than solely on institutional efficiency.

The discussion has again focused largely on the practical aspects which stimulate the discussion around this issue. However there is clearly an underlying ideological debate which underlies the discussion.

Mathie (2002; 17) sums it up very well:

This debate is rooted in paradigmatic differences, couched in terms of 'the need for economic efficiency' versus 'the need for social equity' (Dunford 1998:2), 'market-led growth' versus 'poverty alleviation' (Kantor 1998:3), or the 'financial market paradigm' versus the 'directed credit paradigm'. (Vogel and Adams 1997: 361). These in turn have informed heated discussions about the relationship between the financial self-sufficiency of the micro-finance industry and its outreach to the poor, particularly the

⁹ As Johnson and Rogaly (1997: 3) write "NGOs involved in the provision of financial services need to take the issue of financial sustainability seriously, and ways of measuring financial self-sustainability. In discussing the forms of organisation that might be sustainable some have argued that NGOs should turn themselves into banks. The ultimate goal may be for NGOs to prepare participants so they can go to mainstream banks

poorest. Thus, although the financial market paradigm proponents argue that only financially sustainable providers can maximise outreach on an ongoing basis (Accion International 1998, Seibel 1998, Vogel and Adams 1997), supporters of directed savings and credit- often with additional services (credit plus) - argue that such a market-driven paradigm fails to provide the poor with the skills and resources required to ensure sustained impact.”

As mentioned previously, this thesis seeks to avoid accepting a particular ideological stance. The approach taken is to allow the community to speak for itself. However it is impossible to leave ideology behind altogether. A central (and perhaps ideological) assumption of this thesis is that social impact, as manifested by social capital, is the central goal and outcome of successful sustainable development. This assumption implicitly rejects ideology which confirms aspects of institutional efficiency or purely economic impacts as indicators of successful sustainable development.

As a result the research is solely focused on assessing the social impact of micro-finance programmes on the lives of a sample of the very poor participants. The economic efficiency and sustainability of the organisations providing the programmes is not considered.

Reaching the poorest

An issue which flows logically out of this debate is the question of whether micro-finance is an effective vehicle for facilitating the poverty alleviation of the ‘absolute poor’. There is a great deal of debate as to whether this objective of institutional sustainability may facilitate a situation where design features explicitly exclude those who present a high financial risk, that is, the ‘absolute poor’. (Mathie 2002, Graham and Wright 2000, Rozario 2002, Johnson and Rogaly 1997, Jain and Moore 2003, CGAP 1998)

As Graham and Wright (2000: 170) note: “Worryingly, both BRAC-RDP and Grameen Bank recently appear to be moving away from working with significant proportions of the hard core poor and focusing their activities on the middle income and

upper poor, rather than the most desperate. This is generally attributed to the increasing emphasis on institutional sustainability which Hulme and Mosley (1996, 1997) and Rogaly (1996) see as incompatible with reaching the poorer of the poor".

There is little doubt, for example, that the self selection process integral to the solidarity group model leads to a peer pressure which leads to the exclusion of those who are financially most at risk. As Johnson and Rogaly (1997: 12) relate: "People select those with whom they want to form a group on the basis of their own knowledge of the likelihood that these people will make timely payment of loan and savings instalments."

Essentially, given that the other members become jointly responsible for the repayment of other members' loans, it often leads to a situation where only those at least risk are selected. This of course by extension means that the 'absolute poor' are implicitly excluded because of the design feature.

Another example is those programmes that have eligibility criteria which stipulate that participants must have an existing small enterprise. There is no doubt that this discriminates against those who do not have an existing business and that these people are the very people who need assistance the most. Mathie (2002: 17) writes that

An important distinction is that although micro-finance programmes may have the social objective of reducing poverty, the intention of many is to achieve this by targeting not the poorest of the poor, but the poorest of the economically active. Many of these potential clients could fall into the category of the bottom 50% of those whose income is below the poverty line (the poorest of the poor), but the micro-finance provider rarely targets the full range within that category or restricts services exclusively to it. This caveat aside, various studies now indicate the limited extent to which providers that intend to reach the poorest are able to do so. (Mathie 2002: 17)

It is also true that the majority of the design features inherent in micro-finance programmes are focused on excluding the non-poor – for example, small loan size. (Mathie

2002). There is little disagreement that each micro-finance programme is generally unsuitable for some categories of poor people. (Jain and Moore 2003) However, it would seem that there is very seldom a poverty alleviation programme of any sort that has the resources to be completely inclusive. Limited resources mean the need for targeting. Targeting implicitly assumes exclusion of some.

What micro-finance essentially does is to tailor a set of financial services that are appropriate to the entrepreneurial poor. As aforementioned, the strong institutional pressure for economic sustainability can mean programmes end up with a client base which is predominantly on or above the poverty line. (Jain and Moore 2003, Mathie 2002, Rozario 2002)

Clearly, it is important that all programmes have a set of appropriate services and monitoring mechanisms to ensure that the focus remains on those below the poverty line, but to insist on targeting the poorest of the poor is perhaps unrealistic and not necessarily the best option for poverty alleviation. Mathie (2002: 18) suggests that an overly rigorous approach to targeting may be detrimental to the overall programme: "Targeting the poor shifts attention away from the broader benefits of member/ client owned institutions. These have a much more holistic view of the community and are much less focused on selective (and in most cases artificial and divisive) targeting."

Others suggest that the benefits of micro-finance impact will trickle down to the poorest members of the community. (CGAP 2000) They suggest that it is sufficient to target those on or slightly below the poverty line, in that they live in and around the communities where the poorest live and will automatically pass on the benefits. This is the perspective of one of the organisations involved in our primary research. They perceive that the micro-finance programme with entrepreneurial poor will lead to the creation of more jobs and benefits for the poorest members of their communities. (Shaw 2002, Remenyi 2002)

Dissenters to this perspective are many. One of these is Remenyi (2002: 43), who writes: "One can even argue that it is enough to ensure that operations are essentially confined to clients drawn from below the poverty line, because there is a trickle down effect to the lower strata of the poverty pyramid. However, research done by Todd (1996),

and others, suggests that the trickle down is minimal. If an NGO genuinely wants to reach out to the poorest of the poor, it has to do so deliberately and strategically.”

The evidence is contextual and inconclusive. Clearly there are some programmes that have been successful in targeting the absolute poor. Clearly there are some that have intended to but have got caught up in seeking economic sustainability and so have lost their way. There are some who do not target the absolute poor but believe that their approach provides a platform which will eventually ensure genuinely sustainable development.

The above debate essentially deals with the appropriateness of particular design features for targeting the poorest of the poor. It assumes that microfinance, given an appropriate set of features in the right environment can be an effective vehicle for alleviating the poverty of the very poor. There are those who propose that regardless of the features of the micro-finance programme it will be an ineffective means of alleviating poverty for the poorest of the poor. This argument applies particularly to the rural poor.

Shaw writes (2002: 99) that:

A central paradox facing poverty reduction strategies based on micro-enterprise credit is that they tend to be least effective where they are most needed. Poverty in Sri Lanka is predominantly a rural phenomenon; in rural areas, where most people live, rates of poverty are well above the national average, and the rural poor are poorer than the urban poor. Poverty is often a direct consequence of location in remote and underdeveloped areas where wage employment and other economic opportunities are scarce and unremunerative. It is precisely in these areas that micro-enterprise development strategies are least successful, as the deficiencies which discourage other forms of economic activity also restrict the scope for high earning micro-enterprises.

Again there is no attempt to draw any conclusions in relation to this debate. What is important once again is that we look to the face value evidence from each individual community.

Replication of blueprints

The final debate revolves around whether blueprints of micro-finance developed in a unique environment can be effective in delivering sustainable micro-finance programmes in different countries and different socio-cultural environments.

It is perhaps a combination of the perceived success of micro-finance programmes in alleviating poverty and the assumptions about the importance of institutional sustainability in reaching large numbers of poor people, which has given rise to an epidemic of blueprint-driven replication. (Wright G. 2000, Jain and Moore 2003).

Much of this replication has been driven by Western government consultants, multi-lateral organisations and other Western donors. Evidence suggests that there are many cases where the influence of these outsiders on practical micro-finance systems can lead to programmes inappropriate to the context. This occurs because these people often only partly understand the systems they are recommending and only partly comprehend the environments within which they are implementing the programmes. (Rozario 2002, Jain and Moore 2003, Mathie 2002)

Jain and Moore (2003: iii) suggest that the lack of understanding is grounded in a misconception as to the importance of several elements in facilitating successful micro-finance programmes: "There are three core elements: the alleged importance of strong social bonds among small borrower groups; the notion of substantial borrower participation in management; and the belief in the centrality of charging unsubsidised rates of interest."

They suggest that these outsiders favour elements of successful programmes which may in fact be inappropriate for replication. While these elements correspond strongly with fashionable development ideologies, their importance does not necessarily align with the facts. (Wright G. 2000, Jain and Moore 2003) Some suggest that these elements play a much smaller role than is proposed by these outsiders. (Wright G. 2000, Jain and Moore 2003) By extension they, suggest that their emphasis diverts attention from the real reasons for success and hence the key elements appropriate for replication. (Jain and Moore 2003).

These writers suggest that micro-finance success is actually due to adapting some key principles of organisational and financial management to the unique features of the target environment. As Jain and Moore (2003: 7) write:

Successful MCPs are essentially businesses that have succeeded by doing two things that successful businesses do. First, they have devised and pursued a business strategy that is appropriate to the particular features of the markets in which they operate and the clients they need to attract. Second, they have designed organisational structures and procedures that enable them to run very efficient banking operations in difficult circumstances; providing financial services to match client needs; minimising 'leakage' of funds through loan default or misappropriation of money by staff; and keeping transaction costs low, mainly by reducing the need for the cost of following up cases of loan defaults.

Yunus (1998: 279,280) also provides some very simple but extremely insightful perspective on this issue:

We extend loans to help the poorest achieve human dignity, but dignity, personal happiness, self fulfillment, meaningful lives. These are things that people create for themselves, by their own labour, their own dreams, their own desire and hard work. All we need do is to remove structural barriers which for so long kept an underclass out of the human context.

If this is the case then one would have to ask why indigenous NGOs and local communities allow the naive misconceptions to continue. Jain and Moore (2003: 1) again present a most insightful perspective:

Yet because they need the support of development aid these same entrepreneurs have explained and justified their programmes to appeal to soft hearts, wishful images, and fashionable ideas about the practice of development. They have been largely silent on those elements of their strategies that have contributed most directly to success, and have exaggerated the contribution of practices that are peripheral to organisational performance - but central to a favourable public image and to donor support.”

Clearly replication of a ‘blueprint’ which imposes a set of financial services and institutional procedures without any tailoring to the particular environment is likely to be inappropriate and ineffective in alleviating poverty. A blueprint which does not include extensive community consultation and a flexible approach to tailoring the programme to the specific environment is likely to do damage to the target group. (Johnson and Rogaly 1997, Rozario 2002, Jain and Moore 2003)

It is this lack of ‘participation’ which many contemporary development academics assume to characterise the process of blueprinting. (Rozario 2002, Remenyi 2002) However there may be a place for blueprinting policies and principles of financial service provision and institutional management, as long as they are brought with an understanding that the actual practice must be tailored to the unique needs of the particular community. In other words there may be a place for replication of principles and policies as long as there is an adaptive and participatory approach to the design and implementation of practice and procedure.

Summary

The purpose of this chapter is to provide a level of understanding of the depth and breadth of practitioner and academic debate around the issue of whether micro-finance is an effective intervention in the sustainable alleviation of poverty.

Micro-finance as a mechanism for poverty alleviation has formed out of a perceived need; a gap in the financial markets which leaves the poor exposed and unable to remove themselves from poverty. Government and private for profit financial institutions have been unable to meet the need for various reasons. As a result a series of Non Government Organisations have formed to fill the gap. The growth of these organisations in terms of numbers of participants has been astronomical. In the early 1980s some perceived micro-finance as the ultimate answer to alleviating the world's poverty; that it could in fact be a development panacea.

By the late 1980s and early 1990s it was apparent that this was unlikely to be the case. Numerous surveys and academic papers pointed to the failings of micro-finance as a complete answer to the world's poverty. Some even suggested that it hinders genuinely sustainable development.

Since then debate has continued to rage. The key issues as outlined earlier in the Chapter are outlined in Table 2.1.

Micro-finance Debates (table 2.1)
1. Does micro-finance serve to address only the effects and not the causes of poverty?
2. Is micro-finance a tool that is compatible with the achievement of gender empowerment?
3. Can credit alone be a panacea for eradication of poverty?
4. Does an efficient and economically sustainable institution correspond with maximum outreach and impact in the community?
5. Is micro-finance an effective tool for meeting the needs of the poorest of the poor?
6. Can a micro-finance model be successfully transplanted to a target community when it has been developed in a different context?

All of the key debates are clearly intertwined and interrelated. The common theme which runs through all of them is the drive to ascertain whether micro-finance can be an effective vehicle for facilitating sustainable development for the very poor.

The objective in presenting these key debates is not to seek to direct the reader toward any given perspective or ideology. In fact it is quite the opposite. It is rather to ensure that the reader understands what a quagmire this debate is, so they can effectively remove themselves and instead look objectively at the responses of the target groups in analysing impact.

Chapter 3: Case Study Context

In order for us to effectively analyse the impact of the two micro-finance programmes, it is important to first gain an understanding of the specific conditions which predominate in the communities that are being used as the targets for the primary research. In completing this background I will focus primarily on the situation for the largely female dominated informal workforce of the Philippines, and specifically on the urban populace of Metro Manila. This is the group which forms the target for both the micro-finance programmes which are the focus of my primary research. It is therefore appropriate, in this chapter, to consider their special characteristics.

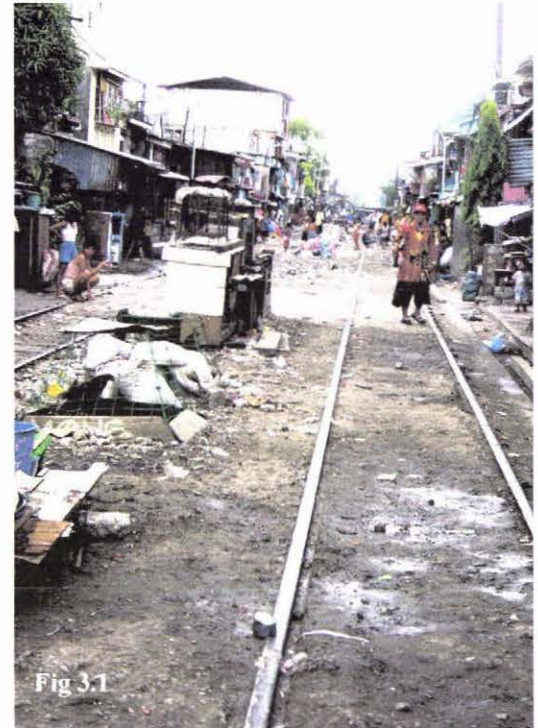


Fig 3.1

Before the Spanish arrival in the 17th century Filipino women occupied something of an exalted status in society. Although not perhaps enjoying equality in modern day Western terms they were actively involved in commerce, enjoyed comprehensive rights in resource ownership and as the bearers of children were “viewed with a kind of mystical reverence”(Guerrero 1999: 118). Some Western and indeed Filipino feminist academics (Guerrero 1999) argue that Spaniards, in the process of their colonisation, (Etienne, Leacock 1980, Waylen 1996) decimated this unique cultural feature. They argue that the form of patriarchy, which the Spaniards installed, led to a situation where any status a woman enjoyed derived solely from her role as wife and mother or from her relationship to men. Israel (1999: 62) writes for example that: “Spanish colonisation of the islands not only involved the physical subjugation of the indigenous peoples to the Europeans but also the cultural subjugation of women to men”.

It does appear that the reality of the situation for most urban poor women is that the domestic sphere is still accepted as their primary responsibility. The question that really needs to be asked, however, is whether this is a situation which can be accepted as humane, one which allows women satisfying, enriching lives. According to some feminist academics this is a wholly negative situation and reflects a patriarchy initiated dichotomy between public and private i.e. the separation of the productive and reproductive worlds (Kabeer 1994, Illo 1990, Licuanan 1990, Ostergaard 1992, Perez 1999, Wolf 1990). They perhaps perceive that it is negative because they assume that women are accepting a role in a sphere which holds no value (i.e. economic versus domestic/ non-economic sphere) (Kabeer 1994). This is possibly where they go wrong when analysing Filipino society. It is entirely possible that Filipino culture intrinsically accepts the domestic sphere as holding the greatest value, in relation to the key values which predominate.

In a country with a huge number of people living below the poverty line (According to T.E.S.D.A. 2000: poverty threshold income of P11388 with 32.1% of the population below this line) there is little doubt that women remain the most oppressed and marginalised (Illo 1990, Licuanan 1990). However, the predominant view of the vast majority in the present day Philippines suggests that many of these unique gender norms have survived. It is hard to deny the genuine positive aspects of the situation of women in society such as their high education levels (N.C.R.F.W. figures show a literacy rate of 98.7 % for women in 1998) and the egalitarian patterns of decision making. (T.E.S.D.A. 2000)

It is with divergence of opinion in mind, that we approach a brief summary of the key features of the situation for women in the household and workplace in the context of urban Philippines. There will not be any judgement as to whether this reflects in the oppression of women. Instead I will again defer to most valid evidence of all, the voices of the women in the poor communities, themselves. (Harris 1981, Beneria 1982, Illo 1990)

While Filipino women took an unprecedented active role in the political events of the past decade, their participation in politics and governance continues to be limited. They remain largely unable to influence policy and decision-making as legislators, chief executives and top administrators at both national and local levels (N.C.R.F.W. 2000)¹.

¹ In 1995 there were 6 female candidates of the total 28 candidates for the Senate.
-Almost 15% of the total mayoralty posts were women.

Women's participation in government and community affairs continues to be restricted by several factors: traditional role allocations among men and women, the relative immobility of women, the burden of multiple roles, economic concerns and the ignorance of the existence of organisations (Licuanan 1990:17).

However the latest figures show that women's organisations continue to be formed at both the national and local levels. "Some 558 women's organisations and associations have registered with the securities and exchange commission from mid-1990 to mid 1994" (N.C.R.F.W. 2000: 3). The N.C.R.F.W. (1995) notes that traditional working class and peasant movements are now complemented by ecological, peace, feminist and human rights movements that are pushing for more democracy and pluralism.

If the figures are accurate, the past decade has seen a slow but steady progress in the overall health situation of Filipino women. Life expectancy, and mortality rates have



Fig 3.2

improved. However, if we observe women's health in terms of nutrition, childbearing/reproduction and other areas it is clear that there is still a long way to go and that there are apparent inequities (N.C.R.F.W. 2000)².

Filipino women now tend to marry at a later age³. The levels of female education appear to form part of the picture in this instance. T.E.S.D.A. (2000) figures show that for women with a high school education the median marrying age was 21.5 while for those who only completed an elementary education the median marrying

-The present cabinet includes 2 women (12.5%)

-As of 1995 women comprised 3.1% of the police force.(TESDA 2000)

² Life expectancy for women in 1998 was recorded as higher for women at 71 years versus 64.8 years for men.

-In 1993 mortality rates stood at 200 deaths per 100,000 live births.

-Drug and substance abuse is less common amongst women (TESDA 2000, N.C.R.F.W. 2000).

- "Although the incidence of anaemia has been decreasing among the population, prevalence is still high among infants and pregnant and lactating women. As of October 1998 anaemia afflicted almost half of all infants (49.2%), and 44% of pregnant and lactating mothers" (N.C.R.F.W. 2000: 8).

³ - The median marrying of Filipino women moved from 19.2 in 1990 to 21.5 in 1995 (T.E.S.D.A. 2000).

-Of the 14.2 million ever-married in 1995, 84.9% were legally married, 1.5% separated (i.e. divorce is illegal) and 2.3 % in not-married live-in arrangements (N.C.R.F.W. 2000, T.E.S.D.A. 2000).

age was 18.7 years (TESDA 2000: 52). However, ‘traditional sex-role definitions that assign homemaking to women and financial provision for the family to men, still persist despite the fact that women are already economically active’ (N.C.R.F.W. 1995).

Development processes are influencing Filipino families which have become smaller in size and “more nuclear in composition”(N.C.R.F.W. 2000:4, T.E.S.D.A. 2000). The average Filipino household has grown smaller; it’s membership from 5.3 in 1990 to 5.1 in 1995 (N.C.R.F.W. 2000)⁴. It is interesting to note that female-headed households have increased from 11.3% in 1990 to 12.2% in 1995. It has also been noted that they tend to be smaller sized than male headed households with an average size of 4 persons versus 5.2 for male headed households (N.C.R.F.W. 2000, T.E.S.D.A. 2000). Interestingly the average household income of female-headed households (P92, 526) is higher than that of male headed (P92, 526) (N.C.R.F.W. 2000). It is also true that the figures in 1990 show that 51.2% of female headed households have ownership of the property versus 44% of male-headed households (T.E.S.D.A. 2000, Agrawal, Gokarn, Mishra, Parikh, Sen 1990).

Several Philippine feminist academics (Libang, 1999, Licuanan 1990, Illo 1990) see the assignation of women to the domestic role as proof that oppressive and discriminatory norms pervade in the Filipino household. They challenge notions of the traditional family unit which assume a ‘harmonious unit of production and consumption built around a nuclear family of husband, wife and unmarried children’ (Beneria 1982). They challenge also the very apparent collective consciousness which accepts that the ‘household members are a homogenous unit who seek in the most effective way possible to maximise their joint utility in their interaction with the outside world’. By extension they challenge the notion of a collective functioning under the authority of the male head. (Licuanan 1990, Illo



⁴ The number of households in the country rose to 13,508,775 in 1995, an 18.4% increase over the census figure of 11,407,262(N.C.R.F.W. 2000).

1990, Tan 1999)

The opinion on the streets is somewhat different. Some of both men and women suggest that there are strong elements of Matriarchy which define the Philippine household unit and functioning. They suggest that despite women's primary role in the domestic sphere that they are not discriminated against and retain much of the primary decision-making authority in the household. Others confirm this key role of women but point to a patriarchal family structure, one which they feel to be ideal and natural.

It would appear that neither perspective can be dismissed, nor adopted as the whole truth. It is clear that elements of gender inequity exist and are largely weighted toward discrimination against women. Very few men are likely to bring an entirely benevolent approach to managing their household. Very few men are likely (Kabeer 1994, Wolf 1990) to act in a fashion which ensures that responsibilities and resources are equitably distributed according to capability and need within the household (Chant 1997, Andree 1995, Harris 1981).

At the same time it is clear that women hold at least equal authority within the household for virtually all key decisions. It is also clear that the primary responsibility for the domestic sphere, is by and large not resented but viewed as an important responsibility.

What is important to note is that no human, nor household, nor community, can be adequately summed up by academic ideological summaries (Bullock 1994). What is evident is that despite extreme poverty many Filipino households maintain a seemingly uncommon harmony. As Jocano (1990: 35) writes "The household constitutes the core unit of the Filipino social system. The central concern of every Filipino is the welfare of the family. In most cases, the family is the only secure place in the fragile world of social realities. It is the source of economic, social and psychological support for all its members".

The labour force which emerges from these households can be broken up into two key classifications: 'formal' and 'informal' workforces.

The formal market is essentially legal, stable, regulated and registered in official statistics. The formal sector describes large scale and modern and most often is urban-based work such as in factories and offices the public sector and registered commercial industries. Typically workers have skills of some sort and, in theory, are protected by labour and wage legislation and free to join unions. (Licuanan 1990).

In the formal workforce there still remain wide gaps in male and female labour force participation rates⁵. The lower labour force involvement of women reflects the greater preference given the employment of males over females, the constraints imposed by domestic responsibilities and the perhaps inaccurate assessment of levels of informal labour (T.E.S.D.A. 2000). However, it is interesting to note that female participation in the formal workforce is increasing at a reasonably rapid rate.

There is evidence of gender stereotyping of occupations. For October 1999 by major occupation categories, there are more women than men among sales workers (67.3%) and the professional, technical and related (63.4%), while males dominate the production and related works, transportation and equipment operations (81.0%), and agricultural, animal husbandry and forestry, hunting and fishing (73.8%)(T.E.S.D.A. 2000)⁶.

In October 1999 “men constituted the majority of the country’s own account workers (66.3%) and the wage and salary workers (32.3%), while women constituted the majority of the unpaid workers at 52.9%”(N.C.R.F.W. 2000: 5). According to T.E.S.D.A. figures men devoted 42 hours of their work to economic work while women

devoted around 41.7 of theirs (T.E.S.D.A. 2000).

Labour union membership continues to be male dominated. Female membership has been increasing over the years (42.9% in 1993 to 59.6% in 1998)(N.C.R.F.W. 2000). It is also worthy of note that only 26% of the positions of authority in these unions are held by women (T.E.S.D.A. 2000).

Two categories which rest perhaps informally within the formal workforce category are those of the overseas worker



Fig 3.4

⁵ The number of Filipino women joining the labour force has increased from 11.8 million in October 1998 to 12.1 million in October 1999 (N.C.R.F.W. 2000). Women’s labour force participation rate still lagged behind men’s. In the urban areas 50.6% of women were recorded as participating versus 77.9% for men.

- “Among the employed women in October 1999, 19.8% completed at least higher education while 12.1% graduated from college. The comparable figures for men were 21.7% and 8.5% respectively.

⁶ Workforce of major industry groups in October 1999 were dominated by men, with women only showing a small majority in wholesale and retail (64.1%) and in community, social and personal services (67.2%) (N.C.R.F.W. 2000).

and the Economic Production zone workers.

Overseas employment is the Philippine's biggest export earner. The majority of female overseas workers are hired in Hong Kong, Saudi Arabia and Singapore as domestic workers, hospitality staff and escorts. 1998 figures show that women comprised 64.3% of these workers (T.E.S.D.A. 2000). These figures reflect a lack of opportunity in the labour market for women to earn to an equitable level⁷ (Vickers 1991). A large proportion of the women that go overseas to menial tasks are degree-qualified professionals (23% of women with academic degrees go on to jobs in their chosen profession versus 48% for men).

Another sector of employment is that of the economic production zones. It is a feature of the Philippine government that they see the encouragement of the entry of foreign multi-nationals zones as a way to deal with high unemployment and lack of capital. They provide tax exemptions and other incentives (N.C.R.F.W. 1995). The multi-nationals get these incentives as well as endless sources of cheap labour. The vast majority of workers are women. There are contrasting perspectives as to the effects on women of working in these zones. Some suggest that they are healthy in that they provide new employment opportunities, and an escape from male domination. Others however, suggest that they are oppressive in that they lock women into new patterns of sexual inequality and destabilise existing family forms (N.C.R.F.W. 1995, Licuanan 1990). The Philippines is the exception to the usual rule in that unionisation is present in some of the zones (Emeaglawi 1995, Owoh 1995).

A combination of cultural norms, government policy,⁸ and private sector policy has dictated the emergence of a large informal workforce. It has emerged out of the necessity to survive which material poverty has brought to much of the Philippines. In essence the informal workforce is the group which has been excluded from the formal workforce. Because of the cultural norms, which predominate, it is a fact that the vast majority of this workforce are women⁹.

⁷ As Illo (1999: 4) writes: "Quarterly earnings of both men and women indicate a large disparity. Women's earnings are only slightly more than half of men's income in 1992. This has been attributed to women's employment in lower skill job activities, shorter working hours because of multiple responsibility and possession of lower level of skills, training and experience".

⁸ Government privatisation has lessened opportunities for work in the formal sector (N.C.R.F.W. 1995)

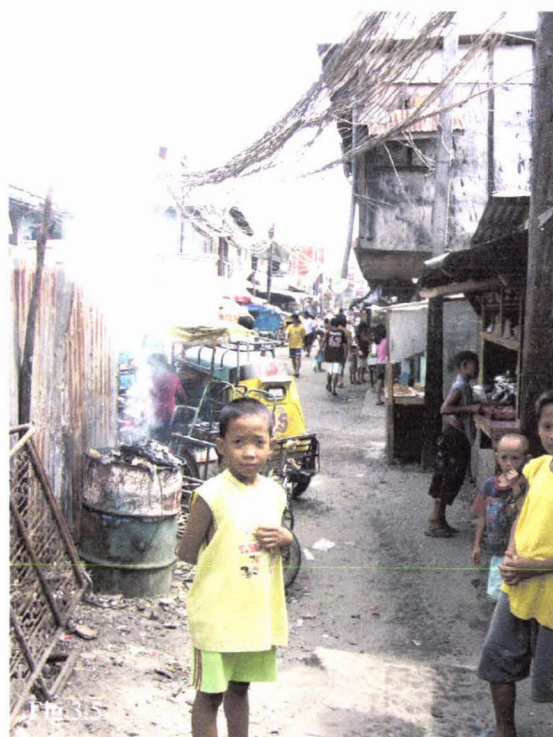
⁹ From October 1990 to October 1995 the informal sector grew from 13% of the labour force to 17% of the labour force. 67% of this sector is made up of women (T.E.S.D.A. 2000). (Chua and Llanto 1996: 9) "The informal sector employs a significant majority of the population. Alonzo (1991) cites estimates of informal sector employment accounting for as much as 73% of non-agricultural employment in 1983.

Generally women who enter the formal market are met with a number of obstacles. Lower chances of gaining professional well paid positions; lower wages paid for similar work; lower chances of promotion; lower chances of being given training. (Licuanan 1990). Combined with this there is cultural pressure for them to ensure that the domestic sphere is taken care of. At the same time extreme material poverty means that many simply do not have the resources to meet their basic needs. They have no choice but to seek supplementary income through informal sources which allow them to continue their domestic sphere of work (Perez 1999, Libang 1999).

Lacking the education, and the political and social qualifications to find jobs in the formal sector, women create alternative openings for themselves in the informal sector i.e. the millions of supposedly illegitimate micro-enterprises throughout the Philippines. Their businesses include things such as petty commodity trading, Sari- Sari store operation, craft production and rag-making (Illo 1990, Bolles 1992). Essentially they are outside the margins of the law, with no job security, no benefits, generally low money and often with the added burden of a full workload at home (Bolles 1992). They are unable to find the time or money to improve their businesses or their personal skills. (N.C.R.F.W. 1995).¹⁰ As the N.C.R.F.W (1995:6) says: “this move into the informal workforce render women’s workers, more invisible, unprotected and unorganised”.

There are then a number of factors which work to ensure that this informal workforce remains invisible and vulnerable.

The financial requirements of the informal sector are very different from those of the formal sector. Loans are generally needed for start-up and working capital. Because of lack of personal collateral and the small amounts required, formal financial institutions are generally unavailable to assist with financing these micro-enterprises. As Chua and Llanto (1996: 9) note: “The formal financial



¹⁰ Because women’s work in the household is unaccounted for, in situations where they choose or are forced to take up jobs in the economic sector, they often shoulder a double burden (Beneria 1982).

system, in particular the banking system, has remained unable to respond to the financial service needs of the informal sector. Even in Metro Manila, which has the highest density of banks in the country, surveys indicate that access to the formal financial services remains very limited. This is basically brought about by the mismatch between the requirements of the informal sector and the structure, methods, technology of the formal banking sector which pose peculiar problems for the screening and enforcement of loan contracts". (Chua and Llanto 1996, Alonzo 1991, Perez 1999)

At the same time, because of low capital intensity, the rate of return on equity can be high. These two factors then explain the willingness of the informal operators to borrow from professional money-lenders (the local "*paluwagan*") at high rates of interest. However, the absolute amount of income generated is still barely enough to meet daily needs, making it very important to have continuous access to credit as a means of generating cash. This limits the capacity of the informal sector to build capital and to save. They have enough then to meet their daily needs, if they are working, but they are locked into a cycle of borrowing which ensures that they are unlikely to make any sort of incremental 'progress'. It also ensures that they are vulnerable to sudden fluctuations in income brought about by emergencies or sickness. (Chua and Llanto 1996, Alonzo 1991)

Despite aspects of financial deregulation such as the lifting of ceilings on interest rates and the liberalisation of bank branching, the informal sector continues to remain beyond the reach of the formal financial system. Having recognised this problem, both government and non-government organisations have set about seeking solutions to fill this apparent gap. The result has been a series of micro-finance programmes designed to provide this group with the type of financial assistance which will allow them to make these 'incremental gains. (Chua and Llanto 1996, Licuanan 1990, Alonzo 1991).

Summary

This chapter has provided context on the specific situation faced by the case study group. The key facets of the socio-economic and cultural landscape for urban poor women in Metro Manila have been outlined. Clearly there are a host of interrelating factors which bind a situation where there is widespread urban poverty in Metro Manila. Factors extending out of this poverty, combined with particular cultural and political

norms, ensure that large numbers of people, primarily women, are locked out of the formal workforce. They are forced to seek income, to meet the basic needs of their family through informal enterprise.

The absence of support of both the local and regional government and the formal financial institutions ensures that this group is left extremely vulnerable. To break the poverty cycle is almost impossible. Consequently a number of Non-Government Organisations have set up in the Metro Manila and introduced micro-finance programmes. These programmes are designed to formalise, legitimise and protect this very 'exposed' group.

The organisations then who have been used for the primary research, are an example of these N.G.O.s. The respondents who form the basis of the primary research are participating in these programmes because they are seeking to stabilise their situation.

In conclusion then, this background is designed to ensure an appropriate foundation and context for analysing the actual responses of the people who make up this informal workforce and who make up the sample group for this research.

Chapter 4: Case Study Methodology

This chapter details the methodology adopted for use in the primary research conducted within the two case study organisations. The specific tools adopted and the rationale behind their choice is discussed. Particular emphasis is brought to discussing the method of sampling as it the approach adopted differed somewhat from that initially proposed. This is followed by a discussion of the dynamics of the actual in-community process. Following this the chapter expands details the intentional approach taken to ensuring an ethical process. The chapter concludes with a discussion around the key learnings gained from the conduct of the process.

Design

The methodology chosen needed to be appropriate first and foremost for testing the hypothesis as outlined in the Introduction and Chapter 1. At the same time there was an overriding need to ensure a process and content that would allow the community members to speak openly, free of fear and confusion. (Broughton and Hampshire 1997)

From out of the overall hypothesis and with this overriding theme to guide, a set of objectives was developed for the research. These objectives outline in specific, measurable, reliable and time-bound terms what the research was seeking to achieve.

A set of tools was then developed which were appropriate for achieving these objectives. The combination of these tools was designed to obtain both the content which would meet these objectives, and the necessary mechanisms for ensuring validation or triangulation (Broughton and Hampshire 1997, Babbie 1998).

A further opportunity for triangulation was pursued in the decision to carry out identical research processes within two separate organisations, both working out of Metro Manila.

The tools utilised to carry out the impact assessment included¹:

- Semi-structured individual interviews (both of staff and community members)
- 'Focus Group Discussions'
- Informal observation.

The overall methodology and style of research adopted, then, can be summarised as a 'Rapid Participatory Impact Assessment' (Broughton and Hampshire 1997, Kumar 1993, Mukherjee 1993, Overseas Development Administration 1995, Storey 1997, Slayer, Esser, Shields 1993).

The objective in entering the research was to use the individual interviews with programme members to bring emphasis to the following key aspects:²

- To identify the goals that were apparent in participants thinking when they first joined.
- To identify the participants concepts of poverty and what they perceive to be the key indicators of these features.
- To assist participants to compare their situation now, relative to before they joined the programme.
- To assess the social impacts of the programme on the lives of the participants.

The Focus Group Discussions were installed as a mechanism for validating and triangulating the data gained through these individual interviews. The key objectives then of the Focus group discussion mirrored those of the individual interviews.

Two Focus group discussions were conducted within each of the programme areas. In each area the two groups conformed to two contrasting profiles. The use of groups from these two contrasting groupings was designed to provide the potential for a contrast in attitudes, perceptions and socio-economic standards between those who had recently joined

¹ The Semi-structured individual interview and Focus Group Discussion questionnaires can be found in Appendix 1.

² A total of 30 semi-structured individual interviews: 15 per organisation

the programme and those who had been involved with the programme for a considerable period of time.

1. The first of these groups was comprised of a selection of 8-10 self-help group leaders, all of who had been involved with the programmes for several years. This group were best placed to reflect on the impact of the programme.
2. The second of these groups was comprised of people who had recently joined the programme.

It was felt that focus group discussions would provide the ideal forum for participants to relax within a mutually supportive environment and express themselves (Experience proved that this is not necessarily the case i.e. In one group there was a very assertive member who completely dominated proceedings and intimidated the other Focus Group Discussion participants) (Broughton and Hampshire 1997, Storey 1997)..

Initially it was also felt that it would be relevant to gain the perspective of staff as to their role in the development process. It was assumed that their response could provide some meaningful contrast with that of the community, which aided in triangulation and hence validation of data.

The focus of the individual interviews with staff members can be summarised into the following aspects³:

:

- To assess perspectives with regard to their understanding of the organisational mission statement, philosophy and methodology and how they believe this translates in practice.
- To assess what they believe to be concepts, elements and indicators of poverty.
- To assess what they believe to be the essential components of a truly sustainable empowerment.
- To assess what they believe to represent gender equity and the keys to achieving this in the community.
- To assess what staff believe to be the priorities of participants.

³ Semi-structured interviews with ten senior staff in each organisation and with five field staff in each organisation.

There is little doubt that the information gained through these interviews informed the wider analysis. However, on reflection it has been concluded that the inclusion of this aspect was due to an unnecessary skepticism and drive for 'objectivity'. As a result, the data gained is not directly included in the thesis.

Sampling

The method of sampling used for the field research-based activities was essentially 'Purposive' or 'Judgemental' (Babbie 1998: 195). As Babbie states "Sometimes it is appropriate for you to select your sample on the basis of your knowledge of the population, its elements and the nature of your research aims: in short based on your judgement and the purpose of the study". (Babbie 1998: 195)

Given that there was a very limited time frame and that the researchers were to a large extent reliant on the organisations for their assistance, purposive sampling appeared the best way to retain some control over validity and reliability.

The initial sampling involved the selection of the two organisations, both working in micro-finance with the displaced people's communities in Quezon City, Metro Manila. They were chosen for two reasons. Firstly, because they reflected somewhat contrasting micro-finance models. Secondly, because they agreed to accommodate the research.

The difference in the approach of the two organisations is a thesis topic in itself. However, in this case, the differences have been used, in a methodological sense, as an opportunity to constructively triangulate all of the data gained.

It is important to note the potential bias that was brought to the process as a result of a previous period of employment with one of the groups⁴. Undoubtedly I brought a level of bias, as I understood their programme in a far more detailed way than the other programme. It is proposed, however, that this bias and resulting potential for invalidation of the data was negated somewhat by the use of a local female research assistant in the primary research process. It is also important to note that the connections/ networks, previously

⁴ I was employed as a volunteer with Group C for a period of four months. I gained this opportunity through my links with a New Zealand based Non-government Organisation which was partnering with Group C at that time.

developed with the community, paved the way for an efficient and rewarding research process.

For the individual interviews, the research team asked for permission to interview a group of fifteen people who had been with each programme for at least two years. This was done with the rationale of assessing the impact on those who had been with the programme for a substantive period. In neither case was there an opportunity to choose from a large list of people who fitted this profile. Instead, the organisations simply gave us the option of a number of programme groups. On choosing these groups we met with the leaders thereof and gained permission to interview their group members. The process of selection, and gaining the permission of the individuals interviewed, is outlined below.

The methodology of sampling for the Focus Group Discussions was very simple and reasonably direct. We sought two groups per project, each of which fitted with a specific profile i.e. one made up of leaders who had been with the programme for a considerable period and one which is made up of participants who had not been with the programme for long. These were determined by programme members (i.e. leaders) and their attendance was largely organised by these same leaders.

Process

In preparation for the research phase, three months was spent working and living within one of the materially disadvantaged communities of Quezon City. It was felt that it was important to understand the culture and the community in a first hand way before commencing the research. (Broughton and Hampshire 1997, Storey 1997).

This preparation period living in the community proved to be extremely important both in terms of the networks it provided for carrying out the research and also because of the physical and psychological preparation which was gained i.e. before arriving for the second time for the actual research process.

The research process was entered with an almost obsessive attitude toward ensuring objectivity, validity, and reliability of data. I felt that the simple involvement of a Western male foreigner in the research process presented the greatest challenge to validity and reliability. Given that the majority of respondents would be Filipino women it was felt that

that both my gender and my Anglo-Saxon ethnicity would likely present a barrier to open and honest communication. At the same time there were also concerns about the potential influence and bias that my status as an employee of a foreign donor agency may bring.

It was never going to be possible to negate completely the risks in either of these areas completely. However there was a responsibility to mitigate these risks to the greatest extent possible. As a result a Filipino woman was employed as a research assistant⁵. She then became the primary interviewer (I accompanied her). Both the fact that she was a woman and that she spoke in the local language was designed to add to the validity of the data gathered⁶. At the same time it was also designed to ensure that the respondents were made to feel comfortable and safe.

As a further step, the research assistant was asked to go through the letter of consent in some detail, before any interview was begun, to ensure respondents knew that they would not be identified and could pull out anytime. This was particularly important given that some were probably aware of my links to a funding agency and may have felt pressure to give the 'right answer'.

For all of the individual interviews the sampling ended up operating in a way which may not align directly with conventional academic wisdom. However, it worked in a way which truly aligned with the flow of Filipino culture. Approval was gained to work with a particular solidarity group. We then organised a time with the leader to come to their house. They had given permission for us to interview members of their group. All of the members of the group had been informed that we may be turning up and that were welcome to turn us away if they were busy or uncomfortable with the idea of being interviewed. We started with the leader⁷ and then she simply took us on to the member of the group who lived closest to her. If she was home and willing to be interviewed then we sat down with her then and there. When finished she took us on to the person who in their group who lived closest to them. And so it went. In its own way this practice presented all sorts of challenges to conventional academic wisdom. However, it was probably the feature of the

⁵ She was a recent graduate fluent in written and spoken English and Tagalog. She was recruited through word of mouth.

⁶ All interviews had been translated into written Tagalog before I left New Zealand. An example is included in the Appendices.

⁷ The solidarity group leader is a community member participant in the micro-finance programme. He/ She is elected the other group members to carry out key leadership tasks within the programme.

methodology which was the most satisfying for the researchers. Given the cultural backdrop, it is believed that it represented a process which was truly ethical and appropriate.

A tape recorder was taken to all of the interviews. With the permission of the respondents it was turned on while the research assistant asked the questions and took notes⁸ (I held the tape-recorder). It was helpful that the interviewer did not hold it as this may have inhibited the potential for a safe and comfortable zone for the respondent. At the end of each day we sat down, translated and collated the tapes and matched them with the data. Having an insightful female perspective feeding into this transcribing and collation was incredibly helpful. It ensured what one might call an extra layer of triangulation in that it brought the perspective both of a second person and more importantly, that of a person of the opposite gender.

The Focus Group respondents were determined by the Solidarity Group leaders on the basis of our socioeconomic profile. Permission was gained from leaders and all respondents were clearly briefed on the voluntary nature of the process. In all cases, in line with the hospitable nature of the culture, food was prepared and provided by one of the members of the group. In each case it was prepared by somebody for whom food preparation is their livelihood and they were paid for the service.

In each case I was introduced before the commencement of the discussion and respondents were told that they were welcome to ask me anything that was of interest to them about me. Again the research assistant carried out the actual conduct of the Focus Group Discussions⁹ (while I observed). Again, transcribing was done at the end of each day by the research assistant and myself.

Ethics

A good deal of focus was brought to ensuring both an ethical and an objective process. Time spent living in and around the community before designing the research

⁸ The respondents were informed that the tape-recorder could be turned off at their request at any time during the interview.

⁹ The language used for the discussions was that of Tagalog.

content was designed to enable me to produce sensitive questions and formats which allowed people the option to withdraw safely at any point.

It was made clear throughout the process that all material would be kept completely private; that no individual, or organisational names would be included. All staff and community members were informed that a copy of the completed thesis would be made available to them and to the community members (Broughton and Hampshire 1997, Kumar 1993, Babbie 1998).

It was felt that it would be unethical and unreasonable to seek to dictate the 'sample' group, Hence management were asked to assist in identifying groups who fit the profile (as outlined by the research methodology). This, while potentially removing an element of reliability, did ensure an observance of the cultural norm of respect for authority and so, by extension, conformed to an appropriate ethic.

Letters of consent were produced and translated into Tagalog¹⁰ (the local *Lingua Franca*). There was an insistence that before each interview, that the research assistant go through these with each of the respondents and explain exactly what the research was about. It was made very clear that they had the option to stop the interview at any time and to decline to answer any questions they did not wish to. As aforementioned the respondents were given a clear option as to whether they wished to have the tape-recorder on and were told that they could insist that it be turned off at any time.

The final aspect of this deliberate approach to ethics was the employment of the local research assistant. Both her gender and the fact that she was local provided all of the female respondents with a necessary safety and comfort zone. The key elements of her role in ensuring an ethical approach to data collection are outlined above under 'Process'.

Discussion

Through the conduct of this research the value of approaching the process in a somewhat informal and flexible fashion, one that can adapt to the needs of the people and walk alongside them as they continue in their normal flow of life, was learned.

¹⁰ Copy in Appendix 2.

As previously mentioned, the approach which was taken to the individual interview sampling was far from an academic blueprint. It is accepted that this approach may be viewed as both unethical and as lacking in reliability and validity. Unethical, in that it might be perceived that it allowed the opportunity for programme members to deliberately exclude certain members from the interview process and hence reinforce their marginalisation. Unreliable, in that it provided a sample group that was not verifiably representative.

It is accepted that elements of both may be applied in lessening the perception of the validity of the work. However, it is proposed that the approach to sampling was humane, ethical and largely appropriate, given the cultural context. (and as a result valid and reliable). As aforementioned, it is entirely possible that in particular cultural contexts that it is inhumane and by extension unethical to approach research in a way which is entirely objective.

It is entirely possible that ethics and objectivity in certain circumstances are not necessarily mutually supporting. Certainly Impact Assessment, given our Western preoccupation with quantifiable outcomes, would appear largely to be about collating and presenting data, about collecting as much as possible and presenting it effectively. Issues such as cultural sensitivity and nature of the process enter into the equation but only in terms of ensuring validity and reliability of outcome. Clearly then the general focus of a typical Impact Assessment is on ensuring tidy ends. Every step of the process is viewed in terms of it's causal relationship with the end.

As aforementioned this process was initiated with an almost obsessive approach to implementing the level of objectivity, which would lead to this valid end. However, along the way it became clear that this attitude to any interaction with another human being is unacceptable. People are by their nature subjects, and so to treat them as objects, is to bring an approach which may be unnatural, dehumanising and potential damaging. In summary then the research process facilitated the key learning that a process centred in an overly weighted emphasis on ensuring objectivity may actually lead us to somehow damaging the community. By extension it is concluded that objectivity and validity are not necessarily mutually supporting. That, in effect, a form of objectivity which does not acknowledge humanity is one which may in fact remove the validity altogether.

Summary

The methodology applied and described in this Chapter may not in all respects conform to the definition of a 'rigorous academic approach'. However, as the Chapter debates, it is sometimes the case that an academic blueprint cannot be applied without cutting across cultural norms. Flexibility needs to be brought in the application of the planned methodology and compromises sometimes need to be made.

On reflection I am satisfied that the data is well triangulated and feel confident that it is valid.

The methodology detailed in this Chapter was applied in gathering the data¹¹ which is summarised in the following Chapter.

¹¹ Data gathered from participants involved with two separate micro-finance programmes, based in Quezon City, Philippines.

Chapter 5: Case Study: Data Presentation and Commentary

This chapter presents a collation and summary of the key observations of the primary data collected within the two programmes. Initially there is an outline of the key institutional features. This is in order to ensure the reader has a clear understanding of the individual processes and key differences between the two organisations.

The primary research is then broken up into two parts: semi-structured individual interviews and Focus Group Discussions. Both the individual questionnaires and the focus group discussions were developed in a form that allows for a holistic analysis against the key indicators we have identified as being integral to sustainable development in Chapter 1. Consequently, the questions have not been addressed in a way which will align them directly with specific indicators. Instead the questionnaires have been framed to ensure a holistic coverage, one which sees a series of questions, many of which will relate to a number of different indicators. Such is the nature of the complex lives of all people.

Institutional Features.

This chapter outlines a brief background on each of the organisations, along with the key features of each of their micro-finance programmes. This is done in order that the reader has a clear understanding of the processes which lead to the results outlined in the following Chapter.

I have used two separate organisations as the focus of my primary research. The choice of the two organisations was based on their contrasting approaches to micro-finance. I believed that this would provide the opportunity, both for triangulation and for contextual analysis versus some of the key literary debates around micro-finance. In order to ensure an ethical approach the names of the organisations have been excluded. Instead, the groups have simply been named: Group B and Group C.

Group B

In 1989, a Corporation made a corporate commitment to the public by establishing Group B a no-stock, non-profit organisation. Initially, Group B's chief concerns were to generate welfare funds by broadcasting the plight of those in dire need of assistance and ensuring the proper allotment and utilisation of solicited help. Eventually, Group B restructured itself to accommodate a more developmental approach. Its mission in simple terms is to "provide a better quality of life for every Filipino" Out of this new 'developmental policy came the design of a micro-finance programme.

The micro-finance programme is tailored to the needs of very poor micro-entrepreneurs, all people living in impermanent settlements in Quezon City, Manila. The key features of this micro-finance model are captured in the chart below under the column Group B.

The wider programme does include elements other than pure micro-finance including leadership training, values formation training and 'Business Management Training'. However, these elements are largely complementary to the economic focus. None of them can genuinely be said to be focusing on spheres or sectors other than the purely economic.

Group C

Group C is a Christian development organisation undertaking development programmes among the 'poor' in the Philippines. It started as an informal organisation of development professionals and gradually evolved to the point where it became a formal development institution in 1992. Its belief is that the approaches to development must be holistic and transformational, addressing both the material and spiritual needs of people.

Group C, in contrast to Group B, has a programme which uses micro-finance as a springboard or a foundation for intervening in virtually all of the key sectors. The below chart shows how they are involved with areas including, education, health and even death.

Group C views the micro-finance programme as a platform from which they can gain the networks and resources necessary for them to sustainably intervene in these other more welfare-oriented programmes. Essentially they have acknowledged that it is

very difficult, if not impossible, to empower the poorest of the poor with micro-finance i.e. while remaining economically and institutionally sustainable: and so have targeted the next group up (the entrepreneurial poor) who will provide the necessary networks and accountability to ensure that the needs of the poorest of the poor are met in a more appropriate fashion. Micro-finance then in essence provides the sustainable base from which to pursue what they perceive to be holistic development for the very poor.

Another distinctive feature of the Group C programme is their central focus on faith and values. Their worldview dictates the existence of a human soul which requires nourishment alongside the body and mind, if genuine development is to occur. Therefore they have employees specifically focused on working with their clients to help them to live out their faith-based values.

Clearly, as you will read in Chapter 6, the Group C interviewees had gained a stronger commitment to the practice of core values in the wider community. Some looking in from outside the culture may suggest that there are elements of proselytisation in place. I again point to the need to simply let the community members speak for themselves and to avoid patronising assumptions about their level of awareness. While not approaching this issue directly, I have approached the issue of impact on 'religiosity' (in my primary research) and will accept the responses of the participants quite literally.

Table 5.1 below compares the key features of each of the two micro-finance programmes used for the primary research.

Table 5.1 **Case Study Micro-finance Programmes: Key Features**

Group B	Group C
Grameen model	ASA model
The participants are organised into groups of five within which there is a certain structure and support network and come together for meetings.	The participants are organised into groups of five called covenants within which there is a certain structure and support network and come together for meetings in groups of 4-6 covenants i.e. 20-30 people.
Interest rate of 4% per month (add-on / flat)	Flat rate of 12.5% over 4 months
Payment terms: 2.5 or 5 months weekly cash payment (through deposit slips)	Payment terms: 6 months weekly cash payment (through deposit slips)
No service fee	2% service fee
Penalty: 5% of the principle	No monetary penalties. The staff go through a 'sit-down' process whereby they go to the house of the defaulter and do not leave until she comes up with a definite repayment plan.
Centre meeting: one hour per week	Centre meeting: two hours per week
CRITERIA FOR SELECTION	
3 to 5 members with similar economic status	3 to 5 members with similar economic status
18 to 65 years old	18 to 65 years old
Preferably a permanent resident in the area	Preferably a permanent resident in the area
Must undergo a one-week orientation and then sit test for entry into programme.	Must undergo a three-day orientation on rules, discipline, mission and values
Loan Application Form	Loan Application Form
Community Tax Certificate	Community Tax Certificate

Barangay clearance	Barangay clearance
PROCEDURE	
Group B introduces the programme to an already identified area (where there is high poverty incidence). Those interested approach Group B and express their willingness to be a member of a group. Groups of 3-5 members are formed (each member is familiar with all members the other members of the group).	Group C introduces the programme to an already identified area (where there is high poverty incidence). Those interested approach Group C and express his or her willingness to be a member of the group. Groups of 3-5 members are formed (each member is familiar with all members the other members of the group).
Group B	Group C
Micro-Finance Officer (M.F.O.) conducts SOCIAL PREPARATION: Training on loan process, credit and collection process, peer pressure and mutual support, savings, group and centre formation, responsibilities (The whole process takes three weeks).	Project Officer (P.O.) conducts SOCIAL PREPARATION: Training on loan process, credit and collection process, peer pressure and mutual support, savings, group and centre formation, responsibilities. In the third week the new members undergo a Group Recognition Test: an oral exam to assess what they have understood. (The whole process takes three weeks)
Prospective clients fill out an application form	Prospective clients fill out an application form
Group B conducts 'Means Test Investigation', Loan approval/ decline.	Group C conducts 'Credit and Character Investigation'.
Loan release: clients go to branch to pick up cheques	Loan release: clients go to branch to pick up cheques
Collection by Micro Finance Officers weekly	Collection by Project Officers weekly
To renew access to the loan programmes the clients must have demonstrated proper use of previous loan and a good savings and credit performance. There has to be a 95% attendance to weekly group meetings and a 100% repayment of individual loans. It is also	To renew access to the loan programmes, the clients must have demonstrated proper use of previous loan and a good savings and credit performance. There has to be a 95% attendance to weekly group meetings and a 100% group repayment of loans. It is also important that

important that there is a manifestation of trust, unity, discipline and responsibility among group members. This is ensured through active and continuing evaluation among group members.	there is a manifestation of trust, unity, discipline and responsibility among group members. This is ensured through active and continuing evaluation among group members.
Centralised accounting system	Decentralised accounting system
Compulsory and voluntary savings	Compulsory and voluntary savings
Additional features: insurance fund, values formation training, leadership training, Business management training.	Additional features: day-care co-operative, co-operative community drugstores, health insurance, Bible studies, leadership training, co-operative water stations.

Semi-Structured Individual Interviews

(15 people from each programme interviewed)

Household demographics and dynamics

Relationship to Household Head

- In group B all wives of a living household head
- In group C, 2 women household heads.
(Both groups: all interviewees women)

Average number of children per family

- Group B 6.4
- Group C 6.2

Workload Distribution (Data chart attached in Appendix 3)

In Group B, most women are responsible for the majority of household tasks along with public business. Their role at home is not changing as a result of increased work outside. This means that the overall workload is increasing. However the majority express satisfaction at being able to be useful, purposeful and contribute to education of children.

In Group C, in the majority of cases, women are responsible for the majority of household tasks along with public business. Their role at home is not changing as a result of increased work outside. The overall workload for women participants is increasing as a result of their involvement with the programme. However the majority again express contentment at being able to be useful, purposeful and contribute to education of children. A number express unwillingness to interact with public

authorities, either suggesting that they are not confident or that they lack confidence in the officials. No noticeable contrast between groups.

Table 5.2 Daily Time Use Analysis

	Domestic sphere employment	Public Sphere employment	Total Hours		Domestic sphere employment	Public Sphere employment	Total Hours
Women				Men			
B1	8.5	5	13.5	B1 partner		10	10
B2	7	5	12	B2 partner		7	7
B3	3	11	14	B3 partner		9.5	9.5
B4	5	9	14	B4 partner	-	-	
B5	2	11	13	B5 partner		11	11
B6	1	15	16	B6 partner		10	10
B7	3	11	14	B7 partner	1		1
B8	7	9	16	B8 partner		8	8
B9	2	13	15	B9 partner		8	8
B10	4	8	12	B10 partner		8	8
B11	6	4	10	B11 partner		9	9
B12	8	4	12	B12 partner		8	8
B13	1	16	17	B13 partner		9	9
B14	1	9.5	10.5	B14 partner		8	8
B15	6	9.5	15.5	B15 partner		-	
C1	16	1	17	C1 partner	5	2	7
C2	4	10	14	C2 partner	0	0	0
C3	2.5	11	13.5	C3 partner		11	11
C4	4	6	10	C4 partner	2	11	13
C5	8	3	11	C5 Partner		12	12
C6	8	1.5	9.5	C6 partner		10	10
C7	13.5	1.5	15	C7 partner	-	-	
C8	8.5	5	13.5	C8 partner	-	-	
C9	7	7	14	C9 partner		13	13
C10	11	5	16	C10 partner		12	12
C11	10	4	14	C11 partner	-	-	
C12	14	2	16	C12 partner		15	15
C13	10.5	2	12.5	C13 partner		15	15
C14	8	5	13	C14 partner	-	-	
C15	3	11	14	C15 partner		8	8
Total	192.5	215	407.5	Total	8	214.5	222.5
Average	6.4	7.2	13.6	Average	0.3	8.9	9.3

Women in both groups work longer hours and in a greater variety of tasks than their husbands and partners. Women do the vast majority of the domestic tasks as well as operating Micro-enterprises. Men are more likely to have public jobs. Women do an average of 7.2 hours per day in public sphere 'for income' work on top of an average of 6.4 hours a day in private sphere non-income work.

Has this distribution of tasks changed since you joined the programme? If so, in what ways?

All fifteen respondents in both of the project areas answered no to this question. A response from one of the mothers reflects a predominant attitude:

- "I tend the house while my husband works. It is OK with me. Mothers are supposed to stay at home and take care of the children".

The increase in income and responsibility brought about by the growth of the small business does not appear to have led to a decrease in workload in the domestic sphere. Women however were very positive about the opportunity to be more productive, more of the time.

Decision -Making (Data chart in Appendix 3)

Women are responsible, in Group B, for all household decisions including major decisions. Men in group C, in large part, are only involved with major decisions. This is not because Men have been excluded from the minor decisions but because they are related to the running of the domestic sphere.

Given that you have had an increase in income as a result of your involvement in the programme, has this meant any changes in your decision-making responsibilities?

Every participant in both groups said no, that there was no change. A majority noted that they took care of the finances; the reasoning in many cases was that the husband did not have time. This reflects a socio-cultural norm in Philippine society i.e. that finances relate to the running of the domestic sphere and so are the domain of the woman.

Skill Development (data chart attached in Appendix 3)

What specific skills have you learnt as a direct result of your involvement in the programme?

In group B, seven participants noted that their skills had increased in terms of their ability to manage their business. Four participants noted that their ability to relate and communicate with those outside of their family had increased. Three participants noted that their leadership skills had increased. Two Participants noted that their discipline in various areas of life had increased.

In group C, eight people noted that they had learned greater skills in business management and budgeting. Eight people noted that they had grown in confidence in relating with people, with all the resulting benefits. This is clearly illustrative of a substantial impact on social capital. Two people noted that they had grown in faith in God.

Leisure

What leisure activities do you engage in now?

In group B, all participants except one noted that they do not have leisure time. This in part was because they did not conceptualise leisure time as I did. I believe it was also because they assumed that expressing that they had leisure time would suggest that they were lazy.

Group C was more articulate on this issue. A majority noted that the programme had provided them with the opportunity to be productive; that it was their greatest joy to have the opportunity to work hard and provide for their families. Leisure time was not viewed as a good thing but rather as an indicator of having nothing productive to do. It was certainly not a goal for these women. Leisure time had decreased for virtually everybody as a result of his or her involvement in the programme.

What would your ideal leisure activity be if you had all the money in the world?

As above, a vast majority could not even conceptualise a leisure activity, as we know it. A majority simply stated that their greatest joy was to be able to avoid leisure time because they were so productive.

Communication

How would you describe the general level of communication in your household before and after joining the programme?

All participants in Group B noted that communication in their household was satisfactory both before and after their involvement in the programme. No changes were noted. A number of participants noted that the family is very open about talking about their problems.

Group C also noted no changes in communication as a result of involvement in the programme. They were, however, very forthcoming in talking about the relationships within their family. It is obviously a topic which is central to their culture and to their very existence. A number of them noted the very special relationships they have with their children. They were very proud of these relationships.

What kind of relationship do you have with your children? Your spouse/ partner?

Neither group noted any changes in communication. It is perhaps something that, in the moment, is difficult to reflect on and identify changes. However, once again, this was a topic on which people were very forthcoming. Many spoke in depth about their relationship with their children. It is an area which is absolutely central to their sense of self.

Relationship with Spouse/ partner before and after joining the programme?

A total of three women from both groups noted that their husbands were drunkards and that their relationship was very poor as a result. This had not been changed by the programme. The rest in both groups expressed varying degrees of co-operation and commitment to their children. On the surface it appears that, in many cases, that there was a very supportive relationship in place, despite very trying circumstances.

Has your spouse always been supportive of the programme?

All participants but one noted that their spouses brought full support to their involvement in the programme. This exception noted that her husband did not like the idea of them borrowing money and so she had not told him of her involvement in the programme.

Has the programme affected these relationships within the household? In what ways?

All participants in Group B noted that there had been no change as a result of their involvement in the programme.

Group C was quite different. Six participants noted that that the programme had led to significant changes in both their personal approach to life and their relationships, both within and without the household. This clearly reflects the strong values focus that programme C brings to their intervention. Comments included:

- "Yes there has been a total transformation. We live now by the values laid down by the Bible - try to live in a way which will please the Lord".
- "Yes. It has strengthened our family bond".
- "Noticeable change. My relationship with my family has been strengthened".
- "We are more open with each-other now. We tell each-other everything".
- "I am now more patient and kind with the other family members".

Interaction with wider community

*Before you joined the programme what community groups were you involved with?
Now?*

In Group B, aside from their involvement in the actual programme, group the programme has not influenced anyone to join any other public groups. Two participants were already involved with 'Couples for Christ' and continue with it today.

In Group C, four people noted that they had joined other new community groups. Several participants also noted that involvement in the programme meant there would be little time to participate in other community groups. Four participants were involved with other community groups both before and after. One person was a

barangay councillor before but is not any more.

Before you joined the programme did you have any dealings with local banks? Now?

None of the participants in either group has used banks in the past nor do they use them now. However, Group C links the participants with the banks and others within the programme do end up using the banks as individual customers.

What were/ are the primary benefits of your involvement in the self-help groups?

In Group B, all members, except one, note savings, and access to capital as the primary benefits. There was no mention of the aspects of social capital which the self-help groups could potentially facilitate.

In contrast the comments of Group C reflected key elements of social capital and the other aspects of the programme examples include:

- "Getting to Know God. Making a lot of new friends, learn to operate business the right way".
- "Additional Income and change of attitude because of the Bible studies, Access to social security services and financial help".
- "Learned the way to live through the Bible sharing, Learned that I should not gamble, making new friends".
- "Learning to trust God, gain additional income".
- "Learning how to apply God's word to the way I live, i.e. by doing good things for my neighbour, avoiding fighting with them, Get to know God better and live by his words".
- "Gain friends, The mortuary benefit, I know that is looking after me and my family".
- " I have learned to understand other people - to empathise with those who have problems. When one the group members was unable to pay her loan I went to her house and found that her child was sick. I could not get angry because I know the situation being a mother myself".

What are the primary problems caused by your involvement with the self-help group?

Once again Group B reflected an understanding of the self-help group which is limited to allocation of loans. All problems were based on seeking an increase in loan amounts.

In the case of Group C the question appeared to be more clearly understood. They did not speak of the financial aspects. However there was a clear loyalty to the programme. They were all reluctant to suggest that there were any problems with the programme.

What does this increased involvement reflect in your life?

The answers to this question in Group B were surprising. This group in general appeared with previous questions to suggest that the programmes benefits were confined to the financial. Here they made it very clear that it had helped them to grow in confidence, generosity and empathy.

In Group C this question led to an outpouring of feeling regarding the positive impact of the programme. The responses show how the self-help group provides the forum for an environment which nurtures confidence, generosity, stronger focus on spirituality and a greater collective concern for family and the wider community.

Impact on confidence and skill level in dealing with public officials?

All members of Group B noted that there had been no change in ability and confidence in dealing with public officials. Some expressed that they had always had confidence. Some expressed that they had no confidence and some suggested that they were fearful of making any comment.

In Group C all members noted that there had been no change in ability and confidence in dealing with public officials. Some expressed that they had always had confidence. Some expressed that they had no confidence and some suggested that they were fearful of making any comment.

Religiosity

Does the family pray together and if so how often i.e. before the start of the programme and now?

In Group B levels of family prayer has not increased or decreased as a result of involvement in the programme.

In Group C levels of family prayer has not increased or decreased as a result of involvement in the programme.

Impact on Churchgoing and Church Group activity?

Twelve out of fifteen in Group B prayed as a family both before and after commencing involvement in the programme. The programme has had no effect on their family prayer life. Nine out of fifteen families went to church every Sunday before the programme and continue to do the same. All participants said they did not consider there had been any change in their church going as a result of the programme.

Group C participants also noted that there has been no impact from the programme on their prayer lives. Ten out of fifteen participants prayed as a family both before and after commencing the programme. While not noting change participants, all noted the importance of their churchgoing in their lives.

What level of involvement did you have in Church groups and activities? Before and now?

In Group B, three of the fifteen members were actively involved in Church groups. None noted any change in involvement since their participation in the programme began

In Group C, four members are involved with Church groups. One of these commenced involvement after their exposure to the programme.

What, if any key personality traits, actions in the home and in the community display the practice of the values that your religion proposes?

Does your focus on the values your religion proposes reflect in the way you interact with your family members and your community members?

In Group B, people responded to this question very naturally. It was clear that they felt that their religion encompassed values which told them how to live. In all cases the participants spoke of virtues that they tried to bring to their relationships with family members and the wider community. Examples:

- "Yes I try to treat them as I would like to be treated".
- "My husband always says that it doesn't matter where you pray as long as you have a good heart and your prayer is sincere".
- "I try to do good things in terms of the way I interact with my family and friends i.e. to be nice to everyone".
- "I try to live a decent life - to be good to other people: help people if I can: I try to avoid being arrogant".
- "We pray every morning before meals: at night we go to Church. I try to live a virtuous life. I live morally and try to treat people how they should be treated, with respect".
- "I teach my children to have respect for their elders. I don't badmouth people. I try to be kind and generous to my family and to my neighbours".
- "Through Couples for Christ I have learned how to socialise with them. Before I would never mingle with the rich. When I see them on the street I stop for a chat. I try to live morally and treat people how they should be treated, with respect".
- "I try to treat everyone I meet the same way I treat my family, with respect. I speak to them politely. I try to see things from their perspective, to be rational".
- "I do not get angry at my family easily. When I disagree with my husband on something we talk about it".

In the case of Group C, the values focus of this programme came through very clearly in the responses to this question. Virtually everyone spoke of what the values of their religion mean in terms of the way that they feel about themselves and the way they treat their family and other community members. In a practical sense, it was clear that the programme was providing the impetus for people to consider how to bring a concern

for the health and happiness of people other than self. Examples of actual responses include:

- "Sometimes we pray the Angelus. We have a devotion to the Black Nazarene. We pray for guidance every day".
- " I try to be nice to people and to win their trust by being honest and sincere, My involvement in church activities taught me how to interact with people, to understand them from their position".
- "I try to accept my own mistakes, to realise that I like everybody else am only human and can be forgiven, We try to be honest, kind and generous to family members and others in the community".
- " I help my neighbours in whatever way I can whether financially or emotionally. I have been so blessed and wish to share these blessings, I try to follow God's teachings, to do good things, to be nice to people".
- "We live by the word of God, help each other financially and emotionally. I have instilled in them that they should turn to him when they have problems, I try to do good things for people, to avoid maligning them. I try to set a good example for my nieces and nephews, before I was depressed and felt hopeless".
- "Now I have hope in God and friendship with others in the programme, I learned to know God better, to follow his teachings. I never fight with people. I like to assist people with random acts of unasked for kindness such as helping someone repay their debts. I help my neighbours".
- "I try to be a good mother to my children. The Bible sharing has helped me to understand how I can apply good values to my everyday living".

Income

Figure 5.3.

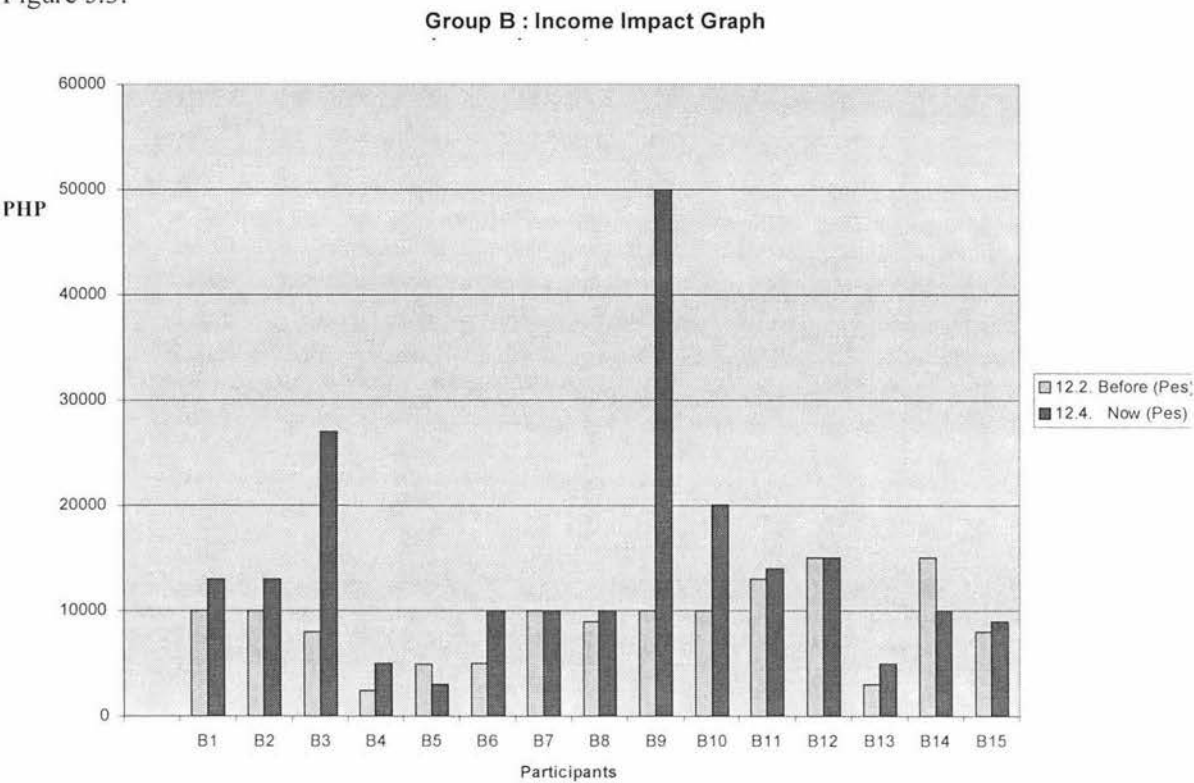
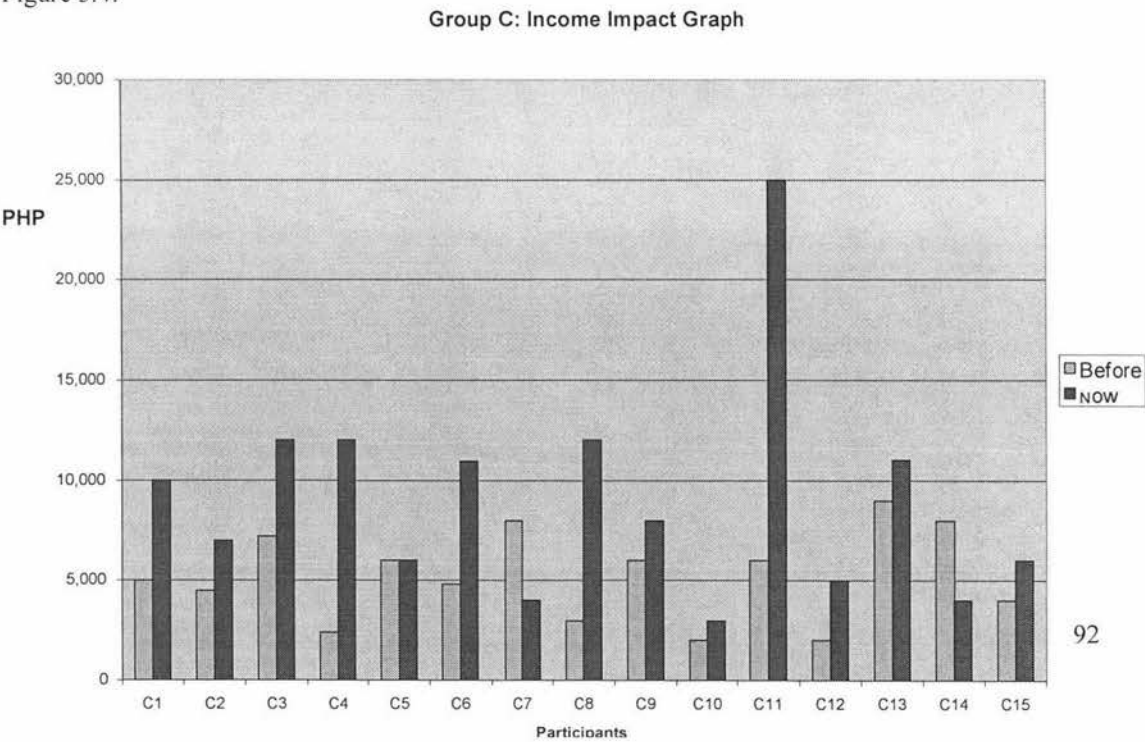


Figure 5.4.



What coping mechanisms do you have in place to guard against emergency?

In Group B, all members have savings as part of the programme. Group savings are deposited at the bank. Only one member has an individual bank account. However the introduction to saving for all members is a very important coping mechanism.

In Group C, all members have savings in the group savings account. None have at this stage graduated individually to the bank.

Education

In terms of your priorities, how does the education of your children rate? (Not a priority at all, Low priority, Important, Top priority)

All participants in Group B said that education for their children was their top priority. Five participants noted that the increase in programme income had assisted them to prolong the education of their children.

All participants on Group C noted that education for their children was their top priority. Ten of fifteen participants noted that the extra income from their involvement in the programme had led to an ability to get pay for their children to complete at least High school.

Basic Needs

Figure 5.5.

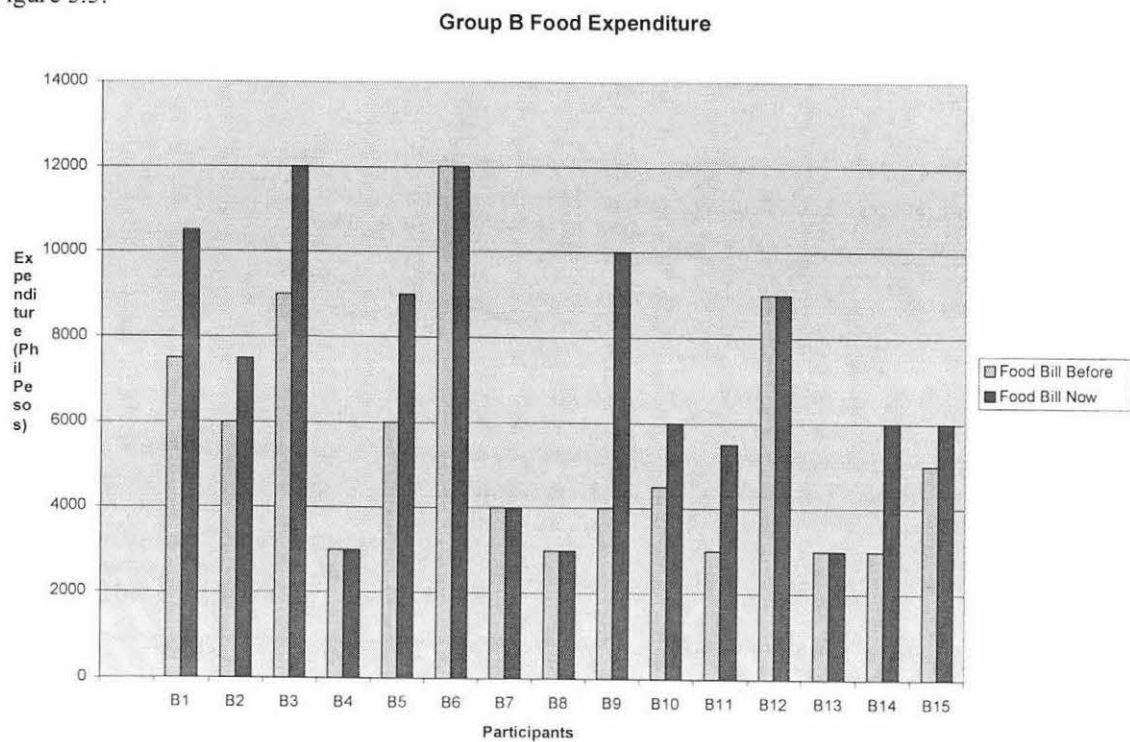
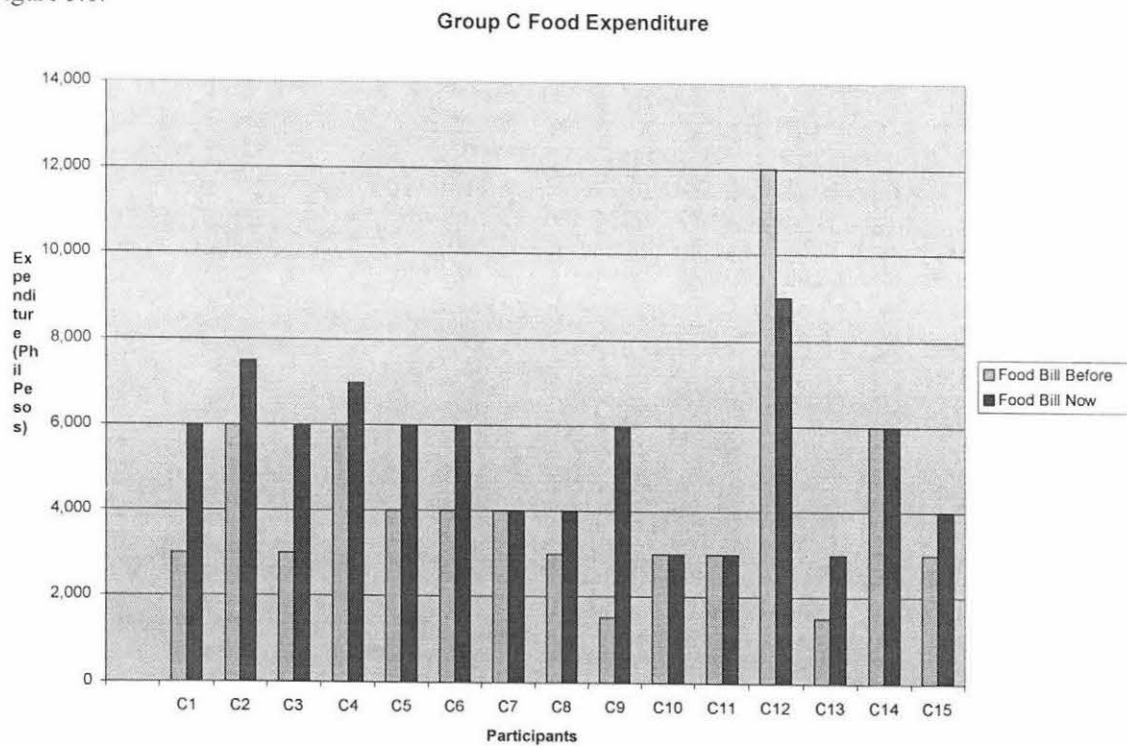


Figure 5.6.



What were your primary items of expenditure before you joined the programme? And Now? Has your diet changed and in what ways?

In Group B and C the increase in income gained through involvement in the programme led largely to increases in quantity of food. No mention was made of improved nutrition.

In what ways did the programme assist you in this area? (Health)

In Group B, four people noted that the increase in income brought about by the programme allowed them to buy medicines. The rest said there had been no impact from the programme on their ability to gain access to healthcare.

The Group C, programme includes community drugstore co-operatives and mortuary benefits as part of their programme. The responses reflect the benefits of all of the different health related components of the programme:

- "The additional income helped finance my operation".
- "The programme has a mortuary benefit but it will not help me or my family until I die".
- "The medicines sold through the programme assist because they are cheaper".
- "When my husband died, the programme helped to finance his burial".

What was the condition of your house and level of assets before you joined the programme and now?

House

In Group B, seven of fifteen participants noted that they had made improvements to their housing as a result of the increased income accrued through their involvement in the programme.

In Group C, seven of fifteen participants also noted that they had made improvements to their housing as a result of the increased income accrued through their involvement in the programme.

Assets

Eight of fifteen participants from Group B had been able to purchase new assets, including furniture and appliances, as a result of their involvement in the programme.

Nine of fifteen participants from Group C had been able to purchase new assets, including furniture and appliances, as a result of their involvement in the programme.

What were the three worst things about your life before you joined the programme? i.e. what were the things that made you unhappy and could not change?

In group B four people in the group noted that there were no problems before they joined the programme. Other responses included:

- "When my husband stopped work because of his illness and we had to try and get expensive medicine".
- "My children used to be sickly but I guess that is normal for the young".
- "We lacked money, My son got sick in 1996. The doctor said there was something wrong with his liver. He is still a little weak".

In Group C five people noted that they did not have problems or that they could not think of any. In the case of both groups there was a clear reluctance to acknowledge problems or to dwell on them in any sense. Other responses included:

- "I was very shy, afraid of people. I lacked self-confidence. Lack of determination".
- "I was not able to attend the death and funerals of my parents and in-laws because we did not have any money".
- "I never read the bible, I wasn't able to make or save enough money".
- "I used to curse and stay inside the house and not talk to people, I had 3 miscarriages".
- "I was so weak I thought I would not survive".
- "My husband's insensitivity".
- "The death of my husband".
- "Being poor".

What were the top 3 areas of your life that you felt you could change by joining the programme? (i.e. your thoughts before joining the programme)

In Group B two people said 'nothing'. Other comments included:

- "I wanted to change my source and method of borrowing. Previously borrowed from loan sharks".
- "To have a different kind of business, gain additional capital".
- "To increase my income so I could pay for medicines for my husband".
- "To improve our life condition. Start saving. Increase income".
- "To become rich".

Ten out of the fifteen participants in this group focussed outlined purely economic reasons for joining the programme.

Once again Group C was far more open and articulate on this question. They spoke to a wide range of improvements in their lives that they hoped to achieve for the programme. This reflects both the nature of their confidence to communicate now and their knowledge of the broad nature of the programme into which they were entering. Responses included:

- "I wanted to be a better person, I wanted a higher income so I could provide for my family properly".
- "My tidiness, To stop wasting time loitering around our house and that of my neighbour".
- "To stop quarrelling with my neighbours over petty things like when their dog drops it's excrement in our yard".
- "To improve my health, To be able to eat 3 times a day and send my children to school, To improve our standard of living".
- "To learn to interact better with people so I can become more assertive and make new friends, For my husband to change and become a good man".
- "I just joined the programme for fun".

- "For my faith to grow strong, To become outgoing and friendly, .To get to know God better and learn how to apply his values to my living, To be able to save money and put my children through school".
- "To stop being a curmudgeon. I used to flare up very easily if a neighbour displeased me or if someone failed to pay a debt they owed me".
- "To change the attitude of my youngest child who is a troubled child, To have a permanent business".
- "To stop swearing, For me to learn the word of God".
- "My husband to stop drinking".
- "To improve our housing condition, To become a more optimistic person.
- "To become a hopeful person".

What now on reflection have in fact been the top 3 actual changes/impacts on your life from your participation in the programme?

Money either as an end in itself or as a means to an end was mentioned as a key impact within Group B on eight occasions. Ability to bring an increased spend to healthcare was mentioned on two occasions. Ability to make their children happy was mentioned on one occasion. Capacity to improve housing was mentioned on one occasion. Increased skills in business and marketing was mentioned on one occasion. On four occasions aspects of social capital were mentioned as impacts of the programme, greater camaraderie, sharing of problems, more friends, and growth of responsibility.

Group C was again far more articulate than the other in detailing the impacts of the programme on their life. In general the focus was far more on aspects of social capital which had been built by the programme rather than the financial aspects. Income and its benefits were only mentioned on six occasions. Aspects of self-improvement were mentioned on eleven occasions. Increases in self-confidence, increase in virtue, increased ability to relate, to make friends predominated. There is also an apparent focus on an improved spirituality which is helping people to cope.

What are your favourite parts of the programme? Why?

A majority of participants in Group B noted that they had no favourite part of the programme. Four mentioned that the low interest rate was their favourite part.

In contrast Group C, in the first part noted that they had a favourite aspect of the programme and secondly that these aspects were other than financial. Some of the actual responses included:

- "The Bible studies because I learn the word of God".
- "Being able to perform during our anniversaries, Singing during the self-help group meetings. I love to sing".
- "The self-help group meetings because of the camaraderie I have developed with the other members".
- "When we gather together in the self-help groups. I enjoy the camaraderie and forget my problems".
- "The self-help groups because I get to spend time with my friends, to laugh and to share our problems".

What unexpected improvements have there been in your life as a result of your involvement in the programme?

Nine participants in Group B noted that there had been no unexpected improvements. The responses from those who replied in the affirmative included:

- "I have become very disciplined in terms of budgeting".
- "I have learned to set a good example for others as group leader".
- "The improvement of our house", "The improvement of my business".
- "I have grown in responsibility as I have to pay my loans back on time".

In contrast, of those in Group C, only six replied that there had been on unexpected improvements. Examples of responses in the affirmative included:

- "Improvements in life situation".
- "Ability and willingness to help other people".

- "Good relationship with God, Being able to communicate with a wide range of people". "Learned to read the Bible, I never read the Bible before".
- "Before I was afraid to borrow money, Through the programme I learned to become responsible, to do my part, to manage my affairs well, I have made many new friends".
- "I have become less shy because of my involvement at the programme anniversaries".

Have your priorities changed since you joined the programme? If so, in what ways?

All participants except one in Group B noted that the programme had not led to any sort of change in priorities.

In the case of Group C, eleven of the fifteen participants noted that there had been no change in priorities as a result of the programme. However, the four who noted that there had been change all pointed to an increase in faith in God; suggesting that having faith in a higher power lifted some of the psychological burden from their situation.

What are your top three priorities 'now' in terms of improvements you would like to see in your life?

Not surprisingly the desire to have their children finish college came up on eight occasions with Group B. Eight participants mentioned that it was a priority to improve their housing situation. Three participants mentioned that they wished to increase their income further. Other priorities mentioned include:

- "For the health of my husband to improve, I want to help my sister raise her children".
- "For my children to have a good life".
- "To own a jeep".
- "To help my friend who had a stroke".

On this question Group C was again far more open and articulate. Issues including income and children's schooling were still prominent but other qualitative aspects were discussed in some depth:

- "For my husband to stop drinking".
- "To pay for our land title and to live a satisfying life".
- "To help other people", "To completely stop swearing".
- "I have this attitude of keeping my anger inside. I guess I am a martyr. I do not easily flare up".
- "For my faith in God to strengthen and evolve further, For my lesbian child to change".

What are your hopes for your community in the future?

In Group B, there was only one participant who expressed a concern for the wider community. Otherwise their focus was again on their personal assets.

Group C was somewhat different. Six people expressed the hope that drug taking would cease in the community. Three people expressed a desire to see a peaceful community. Only three people said they were unconcerned with the wider community.

Do you intend to contribute to the fulfilment of this vision and if so in what ways?

In Group B, seven participants note that they are advocating with government for house lots.

In Group C, five people said they did not wish to contribute to improving the wider community. Other responses included:

- " When I see youngsters sniffing drugs I tell them that it is bad".
- "I will pray for our community to become a better place to live in".
- " Yes. I hire my neighbours to work in the *Tubigan* (water station) and as tailors in my dress shop".
- "When I see people sniffing drugs I tell the authorities".

- " I try to treat my neighbours as I would like them to treat me and to bring up my kids to do the same".

Focus Group Discussions

The Primary tool for analysis in this instance was the semi-structured individual interview. The primary tool for triangulation was a series of Focus Group Discussions. I summarise, here, the responses gained within these Focus Group Discussions (F.G.D.) and identify thematic threads which will be analysed and discussed in the following chapter.

Within each of the programme areas we conducted two Focus Group Discussions with two separate groups. In F.G.D.1 all participants had joined the programme in the past three months. In F.G.D. 2 all participants had been with the programme for at least two years.

The following four issues were used as the focal point for the discussions. In each case the groups were asked to rank in order of importance:

1. What were the three worst things about your lives before you joined the programme. i.e. in order of priority - a mutual consensus in the group. What were the things that made you the most unhappy?
2. What have been the three key impacts/ changes in your since joining the programme" i.e. in order of priority.
3. Given that you have achieved some of your original goals with your involvement in the programme what are now your top three priorities in terms of areas of improvement you would like to see in your and your family's life?

Summary of focus group responses

What were the three worst things about your lives before you joined the programme, i.e. in order of priority - a mutual consensus in the group. What were the things that made you the most unhappy?

Group B: F.G.D.1 (Features identified in order of priority)

- Lack of income necessary to provide for basic needs.
- Women want to help but only source of capital has been the local moneylenders who lend at exorbitant interest rates. Even existing businesses very unstable because capital needed to grow only available at these very high interest rates.
- Having to stay at home while their husbands working leads to many of the women indulging in vices including gambling and gossip. They deemed their ways to be unproductive. Instead of helping augment their families' income, their money was wasted on vices.
- Other women spend their whole day doing household chores. They rarely have time to spend socialising or to meet other people. This makes them unhappy and they lose confidence in their ability to socialise outside the home.

Group B: F.G.D. 2 (Features identified in order of priority)

- Lack of access to basic needs
- Lack of ability to get their children a good education.
- Difficulty in borrowing money; except from the local moneylenders who charge exorbitant interest rates.

Group C: F.G.D. 1 (Features identified in order of priority)

- Inability to meet basic needs because of lack of income.

- Problems with husbands, separation from husbands, irresponsible husbands, problems with children – teenagers who are always out of the house at night, children who are married too early.
- Desire to do business with plans in mind but without the possibility of gaining the finances needed to action these plans.
- Being put down by relatives and friends.

Group C: F.G.D. 2 (Features identified in order of priority)

- Being short of income, when our children are sick and so cannot afford healthcare.
- Conflict in the household because of the problems of poverty.
- Inability to get jobs.

Commentary

The highest ranked problem as identified by the respondents in all cases was a lack of income and corresponding lack of ability to meet the basic material needs of their family.

What have been the three key impacts/ changes in your since joining the programme" i.e. in order of priority.

Group B: F.G.D. 1 (Features identified in order of priority)

- Expanded and improved businesses and corresponding additional income which means they can pay for basic needs including food, healthcare and the education of the children.
- A top priority of the women is to send their children to school. Through their earnings in the programme, they are able to send their children to school and help them finish college.

- Husbands and wives do not fight over money anymore. The wives are able to provide food without nagging their husbands (for money) because they have their own money now.
- Instead of pursuing what they perceive unproductive interests, their days are spent working for their business. They have less time to play cards, chat with friends, gossip. As a result they feel purposeful and happy.
- Through the programme, they get to meet other people, mingle with them. Their world now revolves around their family, friends, and business. They have friends whom they can talk to about their problems.

Group B F.G.D. 2 (Features identified in order of priority)

- They were able to borrow money at a low interest rate. They are able to save.
- Their relationship with family members has improved. Before the programme they found it hard to get money from their husbands. Now, their husbands know that the programme is helping them earn more money. The husbands support the wives.
- The group members have become friends. They attend the meetings together. They go to markets together. They try to keep their group intact. Before, when they saw each other in the street, they'd just smile. Now, they don't just smile, they talk. One member has a vehicle so when she goes to the *balintawak* (public market) they go with her too. In this way, they save money for transportation. These friends also assist them within the programme. They advise them on who they can safely borrow money from. They see to it that they pay their loans on time.
- They learned discipline and perseverance as a result of the programme regulations on accounting and repayment of loans.

Group C F.G.D. 1 (Features identified in order of priority)

- Improvements in business which have led to increases in income which in turn leads to the ability to provide for basic needs, education of children and the ability to save for emergencies.

- Improved relationship with God and corresponding happiness.
- Time is now productive and purposeful, leading to greater happiness.

Group C F.G.D. 2 (Features identified in order of priority)

- A change in attitude has occurred as the result of a greater spiritual understanding. They are more even-tempered, more industrious, better at sharing. They have stopped gambling.
- They have learned how to manage a business efficiently and profitably, how to budget and make stock inventories and how to market.
- They have gained access to capital which has improved their businesses which in turn has led to increases in income which have allowed them to improve our food and our healthcare and to get a our children through school.
- They have gained financial security through the savings, the programme insurance and because we no longer need to use the loan sharks.

Commentary

In all four Focus Group Discussions, the participants noted that the programme had assisted them to improve their businesses, with corresponding increases in income. This of course then overflows into an increase in ability to meet the basic needs of the family. There can be little debate that both micro-finance programmes have impacted on the basic material stocks of the majority of the participants. As an extension of this theme there was a common satisfaction expressed at the ability of respondents to ensure their children could gain a more complete education.

Given that both programmes included a savings component it was not surprising to see that a number of people mentioned the fact that this component was important in helping them to cope with emergencies and that the existence of savings gave them some security.

A third theme that came out in all of the groups was the fact that participants felt that the growth of their business and their involvement in the programme gave them a greater opportunity to be 'productive'. A number spoke of giving up gossip and gambling as a result of their involvement in the programme and their satisfaction that

this should be the case. This is in direct contradiction to the assumption that this increased workload is in some sense gender disempowerment. This satisfaction at bringing an increased ability to make productive sacrifice for the collective was a recurring theme. It is not something that can be easily accepted under Western feminist notions of empowerment. However it is undeniable in this culture and it would be ethnocentric and condescending to suggest that empowerment is only occurring when individual utility is increasing.

As an extension of this theme a number of the respondents spoke of an adjustment in attitude: greater perseverance, greater commitment to the family, reduction in participation in what they considered to be vices.

Another key theme was that of an improvement in status both in the home and in the community. A number spoke of the increased respect they gained from their husbands and other members of the community as a result of their involvement in the programme and the increased income they were bringing into the household.

Finally, a number also spoke of the friendships they had formed through the programme and the comprehensive support that other programme members gave them in many areas of their lives. It was clear that this gave them confidence to relate more effectively to those at home and others in the community.

Given that you have achieved some of your original goals with your involvement in the programme what are now your top three priorities in terms of areas of improvement you would like to see in your and your family's life?

Group B: F.G.D. 1 (Features identified in order of priority)

- The participants want to expand their business so they can earn more money.
- The participants want their children to be able to finish college. Once they're done with school, they are assured of better jobs. They do not want their children to experience what they did.

Group B F.G.D. 2 (Features identified in order of priority)

- They all want to borrow more money so that they could improve further their respective businesses.

- They all want to have their children able to complete their schooling.
- They want to improve their community. They 're all wishing that every house in their community would have a business
- They want to have more friends.

Group C F.G.D. 1 (Features identified in order of priority)

- To have abundant income so we can continue to meet the needs of our families in terms of education, food and health.
- To have the opportunity to help others to meet their needs.
- To increase our savings so that we can guard against any future problems.

Group C F.G.D. 2 (Features identified in order of priority)

- That our children will have the opportunity to finish their studies.
- That our families will have their own houses and that our income will continue to improve.
- To improve the relationships within the house and the community and to grow in our relationship with God.

Commentary

Again the primary concern for the future even for those who have been in the programme for some time, is to secure the future financially. Though some of them may now be off the poverty line they are aware that any small shock will throw them into poverty again. In line with this a number of participants expressed that they would not wish to ever leave the programme as long as they could loan money. There was no suggestion amongst any of them that they could leave the programme with confidence.

The theme of 'education for children was again predominant. The common theme was that the participants would do anything to ensure their children did not have to go through what they had to; and that education was the key vehicle for removing them from this.

As an extension of this theme we also saw 'savings' as a coping mechanism mentioned on several occasions.

Three of the groups gave a clear indication that their concern did extend to the wider community. They stated clearly that they had given thought to the needs of others in the community and would contribute to improving their wellbeing if they had the means.

Summary

This chapter begins by outlining the differences in the two organisations. There are clear differences both in specific micro-finance process and in overall breadth of programme.

These differences have clearly led to somewhat varying impacts between the two programmes. This in itself could be said to have a negative influence on the validity and reliability of the overall data set. However, from the perspective of the researcher, it has provided a further opportunity for triangulation of data. The broader programme inherent in Group C appears to have facilitated a situation where the participants have a somewhat greater awareness and ability to articulate their situation. In most cases the actual impacts are very similar but the willingness of the participants to outline them and their eloquence in doing so is somewhat stronger in Group C.

This is not the place for a summary of the learnings from this chapter. The following chapter will analyse and discuss this data from the perspective of the writer. The primary purpose of this chapter is to allow the community members to speak for themselves. This data as related by the community members themselves is in many respects the most important part of the thesis. Their responses cannot be improved upon or refined. The analysis of any given outsider will bring diverse results and can only in a given sense dilute the validity of the research. It is important then to read and to accept the responses of the community, as outlined in this chapter.

Chapter 6: Analysis and Discussion

In this chapter analysis and corresponding discussion on the impact of the two micro-finance programmes against the key basic needs and social capital indicators. The previous chapter outlined the collation of the primary data sources i.e. the community members. It is important to understand however that a series of interviews with staff members, children of participants, other stakeholders within the community (barangay captains, other local officials), discussion with a local research assistant and general individual observation, further inform this analysis and discussion.

Analysis and discussion revolves around the relationship between the data and these indicators established in Chapter 1. Threaded throughout this discussion is reference to the key micro-finance- debates established in Chapter 2

The indicators used to measure the levels of social capital are intertwined and interrelated. This is inevitable given the complex nature of human beings.

Indicators of impact on basic material and physical factors.

Indicator 1: Evidence of increase in income

Clearly the possibility of gaining an increase in income is the key factor that attracts the vast majority of participants to the micro-finance programmes. The majority of individual respondents and the participants in all four Focus Group Discussions noted that the programme had assisted them to improve their businesses, with corresponding increases in income. Where this had not occurred, it was as a result of external influences. These increases in income are, however not ends in themselves. In the first place, the money itself does not meet the basic needs of the family. It is the things that the money can buy that actually increase the standard of living.

It is also true that these increases may be reflected in an increase in standard of living for other members of the family and not necessarily the participant i.e. because of gender norms. As outlined in Chapter 3 there is a good deal of debate as to whether these increases in income translate to an actual increase in individual utility for the

women participants. Analysis of data relating to indicators of social capital, later in this chapter speak to this issue

There can be little debate however that both micro-finance programs have impacted on the overall income of the majority of the participant's family's. As an extension of this there can be little debate that this income provides the foundation or the catalyst which is essential for achieving sustainable development.

Indicator 2: Evidence of increasing capacity to cope with unforeseen limitations to income earning opportunities.

In the communities surveyed, the slightest disruption (i.e. illness, death of a family member, flooding) can mean that the largest of increases in income is wiped within a period of weeks. As a result, mechanisms to safeguard these increases in income and other improvements are very important. Therefore, a specific focus of the individual interviews was on discovering the various coping mechanisms that the participants were pursuing.

Both micro-finance programmes surveyed including a compulsory and a voluntary savings component. A number of people mentioned the fact that this component was important to them in securing their family's future.

However, there was no mention of a move to access formal banking institutions. Some suggest that one of the primary emphases of a micro-finance programme should be to help graduate participants to formal bank savings and loan facilities. Neither organisation appears to be resistant to their participants moving on to the banks. However, it is clear that the majority of participants do not possess the confidence to move on from the programme and to access banks. A number of people noted that they would borrow and save with the programme as long as possible. They hoped that the programme would always be there. This, in, itself feeds into a debate mentioned in Chapter 2 i.e. whether there is a place for micro-finance institutions to exist as the permanent financial institutions for the poor. Those that suggest that answer is 'no' would argue that if there is not a strong intentional focus on graduating participants to the banks for savings and loan, that the programmes are creating an unhealthy dependence and undermining the foundations of sustainability.

Indicator 3: Evidence of increased education opportunities for family members

A vast majority of all respondents throughout all the individual interviews and Focus Group Discussions spoke of how important it was for them to provide their children with a good education. The common theme was that the participants would do anything to ensure their children did not have to go through what they had to; and that education was the key vehicle for removing them from this.

A majority noted that the increase in income which was occurring as a result of the improvements in their business was improving the educational opportunities for their children. For a number of the individual and Focus Group discussion respondents, this increased ability to provide opportunities for their children provides them with great satisfaction. In contrast, the idea of the respondent herself actually going back to further their education was not a priority for any of the participants.

The responses relative to this indicator reflect more than the simple fulfillment of a basic need. The willingness to make sacrifices for their children and the satisfaction gained from this reflect an increase in the stocks of social capital/ harmony. In this aspect then, the micro-finance programme has provided the catalyst or the opportunity for people to access the social capital which is integral to sustainable development. It is important to note that the programme has not initiated or created this social capital but, rather, has created the conditions which allow the participants to bring to bear what is natural to them.

Indicator 4: Evidence of increase in skill base necessary to ensure sustainable income

In both cases the programmes provide training in budgeting, marketing and business management. This is a key tool both for ensuring the sustainability of the programme and for providing the participants with the necessary skills to sustain livelihoods into the long term.

Participants acknowledged an increase in these skill sets which related directly to the sustainable operation of their business. This, combined with an acknowledged increase in discipline, should mean that these participants can sustainably maintain a livelihood into the long term.

Aside from these livelihood-related skills, the participants noted an increase in areas including leadership and communication. They noted that these skills aligned with an increase in confidence as a result of improved relationships in the household and in the community.

Again there is a clear indication that involvement in the programme provides the catalyst or the foundation from which social capital outcomes naturally emerge.

Indicator 5: Evidence of improved access to healthcare and corresponding improvements in health.

There was a mixed response as to the impact of the programme on health and healthcare. In this case though, I believe that it was largely because of the way the question was framed. Respondents were asked what the impact of the programme was on health and healthcare. It appears that the majority of participants told us of the direct intervention that the programme was having in healthcare rather than the indirect impact that the increase in income could facilitate.

This is confirmed by the responses in Group C. In this programme there are community drugstore, mortuary benefit interventions and access to medical check-ups which complement the micro-finance. The majority of those interviewed in this group spoke of these aspects rather than the impact caused by the increase in income.

The majority Group B respondents on the other hand noted that there had been no impact from the programme on access to healthcare and their general health.

This differentiation of these two programmes in their approach to providing complementary social services is an issue worthy of some debate. As discussed in Chapter 2 there are those who believe that micro-finance can be an effective tool for sustainable development, in isolation i.e. that it can be the panacea for development. At the same time there are those who suggest that it can only be effective if accompanied by a range of welfare focused social services. The difference in the two organisations is not the key focal point of the thesis. Rather they are both being considered as micro-finance organisations and their differences serve to assist forcing a fairly rigorous two-way triangulation of all data gained.

Indicator 6: Evidence of improvement in asset base

Eight of fifteen participants from Group B had been able to purchase new assets, including furniture and appliances as a result of their involvement in the programme. Nine of fifteen participants from Group C had been able to purchase new assets, including furniture and appliances as a result of their involvement in the programme. This demonstrates that both programmes are impacting on the income of the participants. As a result they are able to purchase new assets. The conclusion can be made then that micro-finance does impact on the ability of participants to increase their base of assets; thereby improving their material standard of living.

Indicator 7: Evidence of improvement in housing

The living arrangements for the majority of participants were inadequate, given a Western conceptualisation. In many cases there are six to twelve people living in tiny, one room, makeshift houses. It is the dream of those living in the temporary housing of Metro Manila to own a large family home where they and all of their extended family can live in comfort. The potential, then, to make their existing housing, more permanent, or to buy a new house, is a high priority objective for many.

Seven of fifteen participants in Group B noted that they had made improvements to their housing as a result of the increased income accrued through their involvement in the programme. Seven of fifteen participants in Group C noted that they had made improvements to their housing as a result of the increased income accrued through their involvement in the programme.

The conclusion can be made then that micro-finance does impact on the ability of participants to improve their housing, thereby improving their material standard of living.

Indicator 7: Evidence of increase in household food consumption

The responses in both programme areas indicated that the increase in income gained through involvement in the programme had led largely to increases in quantity of food consumed by the family. Given our overall theme it is clear that micro-finance does work to improve the standard of living in relation to this important physical aspect.

Indicator 8: Evidence of improved nutrition

Little mention was made of the quality or nutritional value of food in Group B. However in Group C, several participants noted that they had learned about good nutritional practices. Again this probably relates to the difference in nature of the two programmes rather than a reflection of a varying response to the same impetus.

It is also possible in this case that the question was presented in a way which was not easily understood. Respondents in both areas spoke of increases in types of food that they could not normally afford and the purchase of a wider variety of food. It is very likely, then, that the nutrition of the family was in many cases improving but that they did not think about it in those terms.

The assumption, then, is that micro-finance programmes do impact positively on the nutrition of the participant families. Given our overall theme, the assumption is again made that micro-finance does work to improve the standard of living in relation to this physical aspect.

Indicator 9: Evidence that the majority of participants are on or below the poverty line on entering the programme.

Individual interviews were carried out in the homes of participants. The housing in almost all cases was makeshift. Materials used were pieces of tin, cardboard and pieces of scrap wood. All, except two, were impermanent dwellings.

The data which outlines the number of children per family is somewhat illustrative. Group B has an average of 6.4 people per family and Group C has an average of 6.2 people per family. You can look at this as either a cause, an effect or even a reflection of a materially poor community. However, the high average size is clearly symptomatic of materially poor communities. Means tests are carried out at entry within both programmes. The average incomes of the respondents was surveyed in both programmes. In both cases the incomes were on, or slightly below, the poverty line. In only three cases at Group B and 4 cases at Group C were the household incomes at a level which might classify them as the poorest of the poor. However, their living

conditions, standard of health etc suggest that the programmes are catering to those who could be classified as 'absolutely'¹ poor in a material and physical sense.

This reflects the entrance criteria which stipulate that participants must have an existing business of some sort and that they must live in a place which is at least semi-permanent. The fact that this means testing implicitly excludes those without an existing business means that some of those who may be termed the poorest of the poor, are excluded. However, as previously mentioned, the distinction is perhaps academic only, as an overwhelming majority of the participants are clearly 'absolutely' poor. Every programme has to have entry criteria, of some sort, which target some and exclude others. This should be viewed as a positive inclusion of a group whom the programme can be tailored to, rather than a negative exclusion of a particular group.

A related argument applies to the policy within one of the programmes, where it stipulates that only women can be recruited into the programme. This policy is largely based on the assumption that women are a better risk and present a greater opportunity for the programme to be economically sustainable. It can be argued that this exclusion, on the basis of economic risk, is the same approach that leads the banks to exclude the very poor altogether; that in excluding high risk groups that they defeat the entire point of micro-finance.

It is a difficult issue as every project is targeted toward a particular group. In this case it happens that in general all those who are not involved in the informal workforce are excluded. However, the majority of those in the informal workforce are only there because they are forced there by lack of opportunity. So, in essence, it is a positive inclusion of a vulnerable group. It is interesting. On the one hand, it is a valid concern that the poorest of the poor are excluded. On the other hand, the entrepreneurial poor are included specifically because they lack opportunity. Perhaps it is the case that the entrepreneurial poor are simply a subset of the poor group and for whom the micro-finance intervention is particularly effective.

As outlined in Chapter 2, there are those who argue that for any programme to successfully achieve sustainable development that it must start with not only the absolute poor, but also the poorest of the poor. However, this, it would seem, is the ideology of the theorist and ideologue rather than the practitioner who deals with the reality of limited resources on a day to day basis.

¹ As defined in Chapter 1

Indicators of social capital

The following discusses the data collected in relation to the indicators of social capital identified in Chapter 1.

Indicator 10: Evidence of increased sense of belonging of most vulnerable.

Any assessments against this indicator are extremely subjective. Any analysis must be made on the basis of some reasonably tenuous assumptions. However, the simple act of participating in the programme indicates a willingness to step out and belong to something very public. The fact that participants continue to attend the meetings also suggests that they have gained the confidence to step outside their comfort zones and commit to belonging to something collective.

The data gained from both programmes indicates as an extension that a clear sense of solidarity, of shared experience, is fostered. This is both a means and an end in itself. It ensures that participants have both the individual confidence that they need to assertively transform their situation and the collective support they need to reinforce this confidence. At the same time, it provides participants with the psychological space and freedom that they need to find genuine contentment.

It is this which is really at the heart of social capital, and indeed sustainable development, as is defined by this thesis. It appears that in this case that although the micro-finance programmes do not directly facilitate the development, they do however provide the necessary forums and comfort zones for people to decide for themselves how they wish to develop.

Indicator 11: Evidence of increased awareness of causes of individual and community problems

In the individual interviews we asked the question: What were the top three areas of your life that you felt you could effect change to by joining the programme? (i.e. your thoughts before joining the programme). The question was focused on assessing the level of awareness of the respondents as to the causes and effects of their

poverty. There was interested to observe whether features of social capital were identified by the participants as being areas they would wish to change.

In Group B the majority of the group focused purely on the economic reasons for joining the programme. An observation of this group was that their sole focus was the fulfilment of basic needs and they were not at a point where they were able to 'project' to benefits beyond the family sphere. However, in Group C they were far more open and articulate on the question. They spoke to a wide range of improvements in their lives that they hoped to achieve for the programme. This reflects both the nature of their confidence to communicate now and their knowledge of the broad nature of the programme into which they were entering. Responses included:

- "I wanted to be a better person, to stop wasting time loitering around our house and that of my neighbour".
- "To stop quarrelling with my neighbours over petty things like when their dog drops it's excrement in our yard".
- "To learn to interact better with people so I could become more assertive and make new friends".
- "For my husband to change and become a good man".
- "I just joined the programme for fun".
- "For my faith to grow strong. To become outgoing and friendly".
- "To get to know God better and learn how to apply his values to my living".
- "To stop being a curmudgeon. I used to flare up very easily if a neighbour displeased me or if someone failed to pay a debt they owed me".
- "To change the attitude of my youngest child who is a troubled child. To stop swearing".
- "For me to learn the word of God".
- "My husband to stop drinking".
- "To become a more optimistic person. To become a hopeful person".

What was reflected, then, was not so much an understanding of the causes that underlie their poverty but rather an understanding of the features of change which they wished to achieve. Within those features communicated, there is an almost complete coverage of all of the key features of social capital which have been previously identified.

We can conclude, then, that participants in Group C actually entered the programme expecting to achieve changes in their life which would manifest in increases in areas of ‘social capital’. This, in a very simplistic sense confirms that they expected that the micro-finance programme would provide the necessary tools to help them achieve this social capital. However the differences in response between the two groups suggests that this understanding may be based on the broader range of features offered by the programme belonging to Group C.

Indicator 12: Evidence of increase in power, status and respect of most vulnerable groups, within the household and the wider community.

This indicator of social capital is largely applicable to the empowerment of women, as in this case the vast majority of participants in the programme are women. It is important to note that these programmes are not exclusive in a discriminatory sense with regard to gender. It just happens that it is women in this environment who make up the majority of the people who are excluded from formal employment settings. Micro-finance is a mechanism for legitimising and stabilising this workforce. It is in fact a discriminatory gender norm which dictates the exclusion of women from the formal workforce and so any attempt to legitimise and stabilise the informal environment should perhaps be viewed as a part of a logical process of ‘targeting of a vulnerable group’.

The central focus of micro-finance is to empower the informal workforce but, given that the majority of this group are women, it naturally also becomes a gender issue and one of empowering women. Questions regarding this indicator then focused on four issues:

- Status and respect in the household
- Workload relative to spouses and partners
- Decision-making responsibility
- Status and respect in the community

The Focus Group Discussions in both groups revealed the feeling of the participants that their status in the home had increased markedly as a result of their

increased income and general involvement in a public activity. A number of participants agreed that they were now receiving far greater respect and support from their spouses and other family members as a result of their involvement in the programme. As I will outline below, this did not manifest in a decrease in family members assisting with workload or an increase in decision-making power i.e. features which Western feminists may propose to reflect genuine empowerment. For these women, the increased stocks of status and respect (aspects of social capital) are an outcome in themselves. They add to the individual happiness of the women and translate into a greater household harmony. At the same time, they act as a catalyst in building the confidence of these women in terms of their ability to function effectively in the public environment.

The data gained on the issues of relative workload and leisure were extremely revealing. Women in both groups clearly work longer hours and in a greater variety of tasks than their husbands and partners. Women do the vast majority of the domestic tasks as well as operating Micro-enterprises. Men are more likely to have public jobs. Women do an average of 7.2 hours per day in public sphere 'for-income' work on top of an average of 6.4 hours a day in private sphere non-income work.

The increase in income and responsibility brought about by the growth of the small business does not appear to have led to a decrease in workload in the domestic sphere.

However the key response to register with the interviewer in this case was the fact that respondents were not at all concerned with increased workload. In most cases they were delighted to have something purposeful and productive to add to their workload. This is in direct contradiction to the assumption that this increased workload, is in some sense, gender disempowerment. This satisfaction at bringing an increased ability to make productive sacrifice for the collective was a recurring theme. It is not something that can be easily accepted under Western feminist notions of empowerment. However it is undeniable in this culture and it would be ethnocentric and condescending to suggest that empowerment is only occurring when individual utility is increasing.

An extension of this issue was that of 'leisure content and time'. A majority noted that the programme had provided them with the opportunity to be productive; that it was their greatest joy to have the opportunity to work hard and provide for their families. Leisure time was not viewed as a good thing but rather as an indicator of having nothing productive to do. It was certainly not a goal for these women. Leisure

time had decreased for virtually everybody as a result of his or her involvement in the programme.

The question following that on 'time and content of leisure' was: "What leisure activity would you indulge in if you had all the money in the world"? The surprising feature for a Westerner from a culture so obsessed with maximising individual utility was the fact that there was only one respondent who could visualise a leisure activity that meant anything other than helping their family members in some way. There may be a question again of horizon. However, the responses of the people suggest that there is no greater happiness for a participant than to gain the capacity to provide for their families. If this opportunity is obtainable then no sacrifice is too great. The concept of individual leisure is almost absurd then in this context.

As already mentioned, it is proposed that this may reflect a situation where levels of social capital reach a point where the most positive of natural human virtues is allowed to manifest and grow. The willingness and ability to find happiness, in making sacrifices for others is in the author's opinion a reflection of a most mature form of human development. Far more advanced perhaps than those concepts which propose a singular focus on maximising individual power and satisfaction.

Given all of the debate on the issue, it was particularly interesting to assess whether involvement in the programme or an increase in individual income led to an increase in power or responsibility for decision-making. The majority of respondents in both groups indicated that the decision-making responsibility and power between husband and wife was largely egalitarian even before they entered the programme. Women in Group B were singly responsible for day-to-day household decisions and jointly responsible for all major household decisions. This was reflected in the responses of Group C.

Some feminist academics in the Philippines argue that women are subtly excluded from the important decisions and that men simply avoid the majority of decisions because they relate to the domestic sphere (Aquino 1999, Camagay 1999, Gabignon 1999, Guerrero 1999, Licuanan 1990). This may be true to a certain extent but what is important in this case is that the majority of women expressed a satisfaction with their level of decision-making power and responsibility. As previously mentioned, it is proposed that the most valid way of analysing this data is to accept the actual responses of the participants and to avoid undue scepticism (Bulbeck 1993).

In this case, then, we can conclude that, despite the poverty, adequate stocks of social capital are in place with regard to equitable decision-making power between the women and their spouses and partners. The key question, then, is whether the micro-finance programmes impact negatively on the decision-making power of women participants. Clearly, the answer is 'no'.

The final sub-indicator in this case is that of 'status and respect in the community'. The data gained from both groups indicates that both the increase in income and the involvement in the programme have increased the status and the level of respect given by the wider community to the programme participants. This is, in turn, reinforced and at the same time feeds into individual confidence, which in its turn leads to further increases in respect. The evidence suggests then, that the case study micro-finance programmes have worked to increase levels of social capital within this sub-indicator.

The overall conclusion drawn against this overall indicator of social capital is that these micro-finance programmes have impacted in a positive fashion.

Indicator 13: Evidence of increase in focus on or practice of religion or spirituality.

In this case, this indicator of social capital is applied both as an outcome in itself and as a means or catalyst for facilitating changes in attitude which in their turn may lead to the strengthening of other aspects of social capital.

There was particular interest to understand both the impact that a micro-finance programme may have on the participant's level of religiosity and, at the same time to assess how this religiosity is manifesting in a practical sense. Our Western secular culture tends to lead to a fear of organised religion and a corresponding dismissal of it as an indicator of human development. However, in this context, religion is completely intertwined with culture. It is the central purveyor of values to the community. Therefore, to avoid addressing the issue is to gain an incomplete picture.

In both groups, levels of family prayer and churchgoing had not increased or decreased as a result of involvement in the programme. A majority of participants in both groups noted the importance of their religion and their practice thereof both before and after. Again, it was not identified as an area which presented a problem pre-programme and so the key issue with regard to micro-finance impact was to assess whether there had been a negative impact. Clearly there was not.

Other questions within the individual interviews were particularly enlightening regarding the practical application of religious or faith based values. The questions posed were:

- “What, if any key personality traits, actions in the home and in the community display the practice of the values that your religion proposes”?
- “Does your focus on the values your religion proposes reflect in the way you interact with your family members and your community members”?

In both groups the majority of participants responded very naturally to the questions. It was clear that they understood that their religion encompassed values which told them how to live. In all cases the participants spoke of virtues that they tried to bring to their relationships with family members and the wider community. In Group C these responses were confined to their existing practice both before and after joining the programme. There was no mention of the influence of the programme on this practice. Some of their responses included:

- “I try to live a decent life - to be good to other people; help people if I can; I try to avoid being arrogant”.
- “I try to treat everyone I meet the same way I treat my family, with respect”.
- “I try to see things from their perspective, to be rational, I do not get angry at my family easily. When I disagree with my husband on something we talk about it”.

Within Group C, the values focus of the programme shone through very clearly in the responses to these questions. Virtually everyone spoke of what the values of their religion meant in terms of the way that they feel about themselves and the way they treat their family and other community members. In a practical sense, it was clear that the programme was providing the impetus for people to consider how to bring a concern for the health and happiness of people other than self. Examples of responses include:

- “I try to be nice to people and to win their trust by being honest and sincere, I try to accept my own mistakes - to realise that I like everybody else am only human and can be forgiven”.
- “I try to set a good example for my nieces and nephews, before I was depressed and felt hopeless. Now I have hope in God and friendship with others in the programme, I learned to know God better, to follow his teachings. I never fight with people. I like to assist people with random acts of unasked for kindness such as helping someone repay their debts”.
- “I help my neighbours. I try to be a good mother to my children. The Bible sharing has helped me to understand how I can apply good values to my everyday living”.

Within the Group C Focus Group Discussions, number of the respondents also spoke of an adjustment in attitude; a greater perseverance, a greater commitment to the family and a reduction in participation in what they considered to be vices.

Drawing any conclusions, then, with regard to the impact of micro-finance against this indicator is difficult. Both groups mentioned no change in their practice of prayer and worship. However, both groups have communicated clearly that the programme is assisting them to gain the economic, social and psychological stability that they need to be able to bring a greater focus to practicing what they believe to be key virtues.

In that these key virtues are largely learned from their religion, it can be argued that the programme is indirectly facilitating the capability of people to bring about the practice of their religion i.e. In that they are providing the stability necessary that people can practice the virtues which their religion proposes. As already mentioned, it is proposed that the living out of these values, which are centred in the sacrifice of self for others, is a logical fulfilment of a form of human development which is entirely compatible with the design of humanity.

Indicator 14: Evidence of increased individual and collective confidence and power among programme members in consulting with public authorities.

Virtually all of the respondents in all of the individual interviews communicated that there had been little change in confidence and skill level in dealing with public

officials. Many of them said that they felt that it was not their role, some said that they were scared to do so and others said they had always been confident in dealing with them. In other cases participants noted that they did not expect to gain anything from corrupt officials and so kept away from them. In all instances though they suggested that the programme had had little or no impact.

In contrast, a small number of participants in the Group B Focus Group Discussions related an increased confidence in speaking to public officials as a result of their involvement in the programme. One participant in Group C also related that the programme had given her the confidence to run for a barangay official's post. Even if from only a small number of respondents, this evidence suggests that these micro-finance programmes do have the potential to provide the foundations for community members to advocate more effectively with public officials.

In the case of these two programmes however, it is clear that the impact on the majority regarding this indicator has been slight. It is possible that the progression to taking an active role in seeking to influence the public authorities is one which evolves over a longer period. Certainly, as the following indicator will demonstrate, the individual and collective confidence of the group has increased as a result of the involvement in the programmes. It is perhaps the case that this is simply a necessary foundation for the more public role which will evolve in the long term.

However, it is again concluded that positive impact has occurred against this indicator as a result of the interventions of the micro-finance programmes. In this case, it is proposed that it is not because of any focused intervention on building capacity in this area, but rather as a result of providing the social mechanism which allows for the building of awareness and confidence. (This will be discussed further under the following indicator.)

Indicator 14: Evidence of more harmonious relationships in the household and in the community.

Some would suggest this concept of social harmony is the key outcome which sustainable development seeks to achieve. There is no doubt that when any of us visualise the outcomes of sustainable development, we do not picture wealthy, isolated, miserable, mean people. Instead we generally assume that there will be co-operation,

pleasant communication and individual feelings of contentment. Nowhere however do we find a utopia where this social harmony exists all of the time. To try and formularise a path to achieving it would seem impossible.

Consequently a number of development practitioners resort to proposing models based on the experience of the wealthy countries. These models assume that economic health along the lines of the Western countries will necessarily lead to social harmony. At the same time a number of other practitioners (usually also Western) apply Feminist, Marxist or Marxist-inspired feminist ideology (Kabeer 1994, Moser 1989, Mayoux 1995, Beneria 1982) in producing concepts of best practice which dictate blueprints of social order which must be achieved before social harmony can be achieved.

History tells us that no single ideology is capable of facilitating social harmony. In fact, to use the example of the Western version of gender equity, or to point to your typical wealthy western community is to point, in the majority of cases to very solid examples of social disharmony.

This is the key challenge for the researcher in this case. I would suggest that in the case of these communities studied that there is, despite the material poverty, far greater social harmony in place that there is in our Western back yard.

Whether it is 'despite' the less than utilitarian approach to money and the use of time, people in general are very supportive and communicative with their extended family and neighbours. Whether it is 'despite' the existence of a patriarchal Church and community governance system, the people love to laugh and do so often. Whether it is 'despite' the absence of large amounts of money, the people get together and sing and dance together with great regularity.

It is proposed, then, that they start from a base stock of social capital relative to this indicator which is far higher than in our own communities. However the key question is whether or not the programmes have in fact worked to impact positively.

In one way or another the discussion versus every other indicator informs this one. Evidence gained from other indicators would suggest that there has been an improvement in communication and corresponding social harmony in the home. Although participants in Group B noted that there had been no change as a result of their involvement in the programme. They said that communication in their household was satisfactory both before and after their involvement in the programme. A number of participants noted that the family is very open about talking about their problems but that this has always been the case. It was, however, a topic about which people were

very forthcoming. Many spoke in-depth about their relationships with their children. It is an area which is absolutely central to their sense of self.

Group C was somewhat different. Six participants noted that that the programme had led to significant changes in both their personal approach to life and their relationships both within and without the household. This probably also reflects the strong values focus that Programme C brings to their intervention. They were also very forthcoming in talking about the relationships within their family. A number of them noted the very special relationships they have with their children. They were very proud of these relationships.

All participants, but one from both, noted that their spouses brought full support to their involvement in the programme. It was clear that in many cases there was a supportive, mature relationship existing in very trying circumstances.

With regard to the wider community it is clear that the programme has had a substantial impact on the social confidence, and hence harmony, of the programme members. In a majority of cases participants suggested that their social skills had improved markedly. The solidarity groups were mentioned as the key forum for initiating this improvement. None mentioned an explicit focus within the groups that assisted this but suggested that the simple act of coming together and sharing – the feelings of solidarity had led to this increase in confidence and skill. A number spoke of the friendships they had formed out of the programme and the comprehensive support that other programme members gave them in many areas of their lives. It was clear that this gave them confidence to relate more effectively to those at home and others in the community.

Whether it is the nature of humanity, the influence of the programme or the influence of the religion and culture is unclear, but what is clear is that this increase in social confidence leads to a willingness to act out these values within the community; to bring activity and interaction which is generous and sensitive. The key again is that these micro-finance programmes lay the foundation and provide the support for people to draw on and act out the values of their choice which leads to increased stocks of social capital and potentially, by extension, to social harmony.

Indicator 15: Evidence of the very poor voluntarily participating in associations and social networks and co-operating for mutual benefit.

This indicator is, again, viewed both as a social capital outcome in itself and at the same time a contributing factor in the building of stocks of other areas of social capital.

The key evidence of this indicator as a social capital outcome in itself is the attendance and participation of the participants in all of the solidarity group meetings and activities. The simple act of stepping outside of the domestic sphere and committing to participation in a public body was a huge step for many of these women. For many it required tremendous courage.

In most cases they took this courageous step because they were desperate for material and physical relief. In both programmes they commit within these groups to guarantee each-others loans. In this way they are clearly 'co-operating' for mutual benefit'. Their commitment to joining these programmes and to participate in this economic co-operation are initially based almost entirely on the fact that they will do almost anything to improve their physical and material situation.

This act of co-operation, which is grounded initially in material need, builds the stocks of 'trust' which lay the foundation for group members to safely and confidently pursue many of their psychological and social needs. The group itself is then able to meet many of these needs itself. The groups are made up of people who share similar experience and are seeking similar improvements in their lives. There is a great deal of common ground on which to relate.

A majority of members spoke of the supportive friendships they had gained through the programme. They spoke of the simple joy that it is to attend the solidarity group meetings at which all of their friends are alongside them. Attendance at a number of these meetings only confirmed the fact that these groups and the mutual support is truly a godsend for many of these women.

Aside from the actual programme groups, the programme appears to have been a catalyst for a very limited impact on the participation of programme members in other community groups. In Group B, all communicated that they had not joined any new community groups since they started the programme. However in Group C, four participants noted that the programme had given them the confidence to join other community groups.

In this case, the forum, form and function of the solidarity groups, within both programmes, promotes a very positive impact on the stock of social capital. It is concluded again that micro-finance, in this context, is effective both in building the

stocks of social capital relating to this indicator and by extension in facilitating intervention which may be integral to sustainable development.

Indicator 16: Evidence of greater commitment to shared values and consequent action.

The analysis of the impact of micro-finance against this indicator is again a subjective process. It is an indicator which is intertwined and interrelated with all of the other facets of social capital. However it is important indicator against which to bring specific focus.

The solidarity groups provide the forum for the initial airing of problems. The foundations for trust are then built by the system of group guarantee of loans. This foundation of trust, along with the regular meetings, creates a comfort zone within which the women are somewhat freed to share their hopes, dreams and aspirations. It is also the place where they share their values and find validation through the understanding that these are shared by others.

The commitment to these values is clearly reinforced by the knowledge that the values are shared. The collective support along with the economic protection, provided by the programme, lead to a greater confidence to safely act out these values.

The primary value clearly articulated by all of the participants in both groups was that of concern for the standard of living of their family members. The act of stepping out and participating in the programme is in itself a clear sign of the conviction of this value. As previously mentioned, given the solidarity gained through the support and validation of other members, they gain the confidence to continue to act on this value.

This then is the key value which drives their participation in the programme. As evidenced by the responses within both groups it also then serves to reinforce other values. As aforementioned the first value which is reinforced by the programme is that of 'trust'. The programmes do not preach the need for trust but rather provides the mechanisms for participants to learn trust through structured reliance on one another. The regular schedule of meetings, which often cut across work and family time, then assists in instilling values of perseverance and discipline. We see evidence from both

groups that it also indirectly leads to a will to leave behind what many termed 'vices'; or activities based on seeking their own personal leisure.

In summary, then, the participants enter the programme with one value in mind; that of providing for a better life for their families. The programme indirectly shows them that they must actively commit to other values if they are to be successful in assisting their families. The programme then indirectly provides the moral support and solidarity necessary to bring action to this value. The programme then indirectly provides the opportunity to discover that if they are to succeed in this value that they must bring action to a series of other values.

It appears from the responses gained that once a habit of applying these values is formed, that people eventually gain the confidence to start applying the same concern for the wider community as they do their family. This is addressed under the following indicator.

Again the conclusion is drawn that micro-finance in this context has been effective in building the stocks of social capital within this indicator.

Indicator 17: Evidence of increased commitment to share with and help others and contribute to bringing a more healthy community.

A number of questions both within the individual interviews and within the Focus Group Discussions addressed this issue. The assumption is made that a 'concern for the needs of the wider community' is a clear indicator that people have the physical, and psychological comfort zones in place which allows them to look 'outward'. As an extension it is assumed that if levels of both economic and social capital are stabilised people feel secure enough to give voice and action to a perhaps natural predisposition i.e. that is to be generous, kind and to be concerned for the needs of others. This indicator then measures what is hypothesised to reflect the fulfilment of a truly sustainable development process: i.e. an attitude and a practice of altruism.

It would seem that it is natural that when a family is unable to meet their basic needs that they are unlikely to be concerned for the needs of those in the wider community. Therefore, it was expected that a marked contrast would be seen between

the Focus Groups which had been in the programme for over two years versus those who had only just begun.

The results, therefore, were surprising. The Group B individual interviews reflected a concern which was confined to the needs of the immediate family. However, the Group B Focus Group who had been in the programme for over two years expressed a real and articulate concern for the needs of the wider community. They stated clearly that they had given thought to the needs of others in the community and would contribute to improving their wellbeing if they had the means.

They also made it clear that it was the programme which had helped them to grow in confidence, generosity and sympathy for others. This is in contrast to their responses to other questions which appeared to indicate that they felt that the programme benefits were purely financial.

In Group C the responses were, again, far more passionate on this issue. There was an outpouring of feeling as to the positive Impact of the programme. The responses indicated that the self-help groups provides the forum for an environment which nurtures confidence, generosity, stronger focus on spirituality and a greater collective concern for family and the wider community. The actual responses are very enlightening:

- “Learning how to apply God's word to the way I live; i.e. by doing good things for my neighbour, avoiding fighting with them”.
- “I have learned to understand other people; to empathise with those who have problems”.
- “When one the group members was unable to pay her loan I went to her house and found that her child was sick. I could not get angry because I know the situation being a mother myself”.
- “I desire to see a peaceful community”. I will pray for our community to become a better place to live in”.
- “I hire my neighbours to work in the Tubigan and as tailors in my dress shop.”
- “When I see people sniffing drugs I tell the authorities”.
- “I try to treat my neighbours as I would like them to treat me and to bring up my kids to do the same”.

It is clear that in small ways that many people are actually working to help others in the community. However when we actually broached the question as to the contribution they would make to assisting the development of the wider community; virtually everybody answered that they could do nothing at this point. The indirect questions regarding the impact of the programme make it clear that progress is being made against this indicator. However, when faced with this rather broad question, the community members told us that the problems are too big and that they are too afraid to help.

This is not surprising. These people have lived a lifetime of poverty and are in most cases very insecure about the possibility of falling back into it.

However, as aforementioned, the micro-finance programmes in this case clearly do facilitate a situation where people gain the necessary economic and social capital that they naturally begin to focus on the needs of others in the community. This evidence of the will to make sacrifices for others is a clear indication not only that social capital is being forged but that it is reaching a level which suggests the emergence of truly 'sustainable' development.

Summary

As noted in the introduction it was initially hypothesized that social capital outcomes were evidence of a successful sustainable development process. It was assumed that these outcomes could only be achieved through the will and activity of the people themselves; that the role of the development intervention was simply to provide the conditions which allowed people the opportunity to act for themselves in seeking these outcomes. Further it was proposed that micro-finance may in fact provide the largely economic platform which in essence ensured this opportunity was made available. The research then was focused on assessing whether in the first place the micro-finance programmes had provided the 'basic needs platform and whether in the second place the people had taken the opportunity to act in achieving the social capital outcomes.

The evidence has largely borne out the hypothesis although not conforming to the nice clean divisions in classification between the cause and effect which were proposed.

What was illustrated is that there are in fact three relevant tiers against which to measure the progress of sustainable development.

- 1) The basic material and physical needs indicators
- 2) The lower level functional social capital indicators
- 3) The higher level social capital indicators.

The evidence suggests that micro-finance programmes have impacted directly on the basic material and physical indicators. Aspects including income, healthcare, nutrition, assets, coping mechanisms and skill base all show evidence of either direct or indirect impact from the two case study micro-finance programmes. It is clear by extension that the impact on various material and physical aspects has indirectly influenced aspects of social capital including individual confidence and community status for the programme members.

Also important to note is the evidence that both programmes are working with groups who are existing on or below the poverty line. Much of the debate around micro-finance has centred on whether it is an appropriate mechanism for leading the sustainable development of the 'poorest of the poor'. In this case there is evidence that both programmes are working with groups who can be classified as the 'absolute poor'. In neither case are they 'poorest of the poor'. However, what is important is that they are working with a group who would otherwise be either excluded altogether or functioning in a very vulnerable fashion, within the public sphere. These two micro-finance programmes, then provide programmes which are centred in what could be called the 'positive inclusion' of an 'absolutely poor' group in programmes appropriate to their particular needs.

At the same time it is clear that the social forums created by the programmes facilitate the enhancement of individual social skills and provide an essential collective support. Further to this it is clear that the programmes have directly facilitated the practice of certain key supporting practices and values such as that of 'discipline'.

These aspects of social capital are classified for the purposes of this thesis as the functional level social capital indicators. This term has been applied because it is assumed that these social features are a largely a means to a higher level social outcome. This may in some cases be, not at all, clear cut. Certain values based indicators can be said to be both functional and higher level. For example; the data gained from both programmes indicates that a clear sense of solidarity, or shared experience, is fostered.

This is both a means and an end in itself. It ensures that participants have both the individual confidence that they need to assertively transform their situation and the collective support they need to reinforce this confidence. At the same time it provides participants with the psychological space and freedom that they need to find genuine joy and contentment.

The third level is that which I have termed the higher level social capital indicators. They are largely represented by what one might call virtues. These virtues largely manifest in a concern for the needs of others, both in the home and in the family. The evidence suggests that if levels of both economic and functional level social capital are stabilised that people feel secure enough to give voice and action to their natural predisposition i.e. that is to be generous, kind and to make sacrifices for others.

It is hypothesised that this higher level of social capital can only be achieved when the individuals and / or communities are allowed to choose for themselves whether or not they adopt these values and if so, how they apply them. Further, it is proposed that if there is an attempt to direct them from the outside, to mould or influence the move to this virtue, that they are unlikely to be genuinely adopted by the community and the social harmony outlined in the following paragraph will not occur (Woodgate 1994, Vivian 1992, Clarke 1990).

Secondly, it is proposed it is the practice of these virtues which leads to a situation which can be termed social harmony. It is this social harmony which is put forward as the manifestation of a genuinely effective, successful and sustainable process of sustainable development.

The micro-finance programmes surveyed then have managed to provide the material and social foundations as described as level one and two. This is the first part of what is concluded to be a successful approach to seeking sustainable development. The second part which they have successfully achieved is to avoid seeking any direct influence on the higher level social outcomes. In doing this they have perhaps avoided the possibility of stunting a part of the process which must be designed and directed by the individuals and households in the community themselves.

The final Chapter to follow draws a set of conclusions from this discussion and summarises the key learnings obtained throughout all of the preceding Chapters.

Summary and Conclusions

'Micro-finance, when appropriately applied, is an effective intervention for developing the foundations which allow poor communities the opportunity to forge their own sustainable development.'

This statement encapsulates the findings of my thesis research. It is a strong statement, and one which may be viewed with scepticism in some ideological quarters.

I simply point to the evidence which is the actual thoughts and feelings of the 'poor' community members. Only they can truly attest to the impact of the programmes, put in place to assist them in forging better lives. These people who have, in most cases, been born into lives of adversity, deserve to be heard and they deserve to have their responses accepted and respected.

This is what this thesis has attempted to relay. Thus, in the case of the two micro-finance programmes surveyed in the case study, the community have been allowed to speak. They have responded that the micro-finance programmes in which they are involved are, to a greater or lesser extent, providing them with the necessary economic and social support that they need in order that they can begin to move confidently to forge their own sustainable development.

This thesis research then has confirmed the hypothesis that micro-finance is capable of facilitating the provision of the material, physical and social foundations to allow poor community members the security needed to forge their own sustainable development.

The key lens through which the analysis of the impact of these programmes has been viewed is that of the relationship between micro-finance/ economic capital and social capital. One of the central assumptions of this thesis was that aspects of social capital should be viewed as the end point or outcome of a successful poverty alleviation process. I did not set out to test this assumption but, rather, simply accepted it as a key parameter against which to measure the impact of the programmes. Inevitably, some of the analysis has crossed over into an assessment of the validity of this assumption.

Because the thesis research was not set up directly to answer this question, it is not possible to conclude reliably on its validity. The evidence obtained from the

research, however, does suggest that what I have termed 'higher level' indicators of social capital (generosity, self-sacrifice) can - and do - manifest when the physical, material and 'lower level' social foundations (including personal confidence, collective solidarity, household and community status) are provided by development programmes, such as were present in the case study. It also appears clear from the evidence of this research that a key element of these higher level social capital indicators is the 'willingness to make sacrifices and to commit to the needs of the wider family and the wider community'.

It illustrates that when a community is freed from the bonds of absolute material poverty it is given the breathing space to focus on the needs of others. It is perhaps in this space - where people are freed from the primary concern of meeting their own basic needs - that they are best able to conform to what may be a very natural human inclination: to focus on the needs of others. It is this commitment to others which may also, in its turn, lead to the peace, contentment and social harmony which is evidence both of high levels of social capital (as discussed in Chapter 1) and, by extension, the fulfillment of a successful sustainable development process.

This evidence of a culture of self-sacrifice and concern for others, reflects - in the opinion of the author - an advanced indicator of human development. Far more advanced, perhaps, than those concepts which suggest a need for a maximisation of individual utility, or those that propose a search for a universal equity and sameness.

However, the question which leads from this is: why we do not find any evidence of this social harmony in place in wealthy countries, when it would appear that all of the key economic obstacles have been removed and people are seemingly free to 'choose'?

It would seem that social harmony does not come about simply by creating the necessary economic conditions to allow people to choose. If the Western world can be used as an example, most people do have access to economic opportunities, creating for them a comfort zone wherein they have choice. However, they are not provided with the psychological or moral support which would allow them to safely commit to a form of change which is broader than the economic - to extend their notion of development to an understanding that the actual fulfillment of development may be found in interaction with, and commitment to, others. Instead, they naturally conclude that development is based purely on maximizing individual utility. Hence, in the Western world, many people are materially overdeveloped but perhaps psychologically, emotionally and

morally underdeveloped. What this thesis has identified is that people can be provided with an economic platform, but it is far from a given that they will therefore conform to this altruistic mode and hence facilitate social harmony.

It is also important to remember that we have already established that the attitudes and actions which lead to this state of social harmony are unlikely to manifest if the right of 'choice' is removed from the people. It has been proposed that it is only in a situation where people are free to choose for themselves that this stock of higher level social capital will eventuate. Further, this thesis suggests that any sort of drive to impose any externally derived ideological or moral blueprint may only stunt this process. The essence, then, of the concept is the need to ensure freedom from any sort of ideological leading, and to safeguard the option of the community to choose their own path.

If social harmony is the desired outcome of the human development process, certain characteristics are required to get there. It is not the purpose of this thesis to speculate in depth on these 'higher level' characteristics of social capital. However, the research from this thesis suggests that, as well as having the economic wherewithal to effect an improvement in their quality of life, it could also come down to a previous commitment on behalf of the individuals, to a particular attitude and practice of living that leads to social harmony. Whether or not these micro-finance programmes have, in fact, subtly influenced their commitment to this attitude/practice is very difficult to determine.

What this research has ascertained is that the micro-finance programmes researched did facilitate a process that provided the material and physical foundation necessary for community members to pursue their own development. There is evidence (in Chapter 6) that the micro-finance programmes have impacted on the majority of the basic physical and material needs indicators (including income, skills base, healthcare etc as outlined in Chapter 6). It is evidenced also that the improvement in some of these key 'economic aspects' leads indirectly to an increase in lower level aspects of social capital including 'household and community status'. An indicator that was included essentially as a qualifier for these basic material and physical needs indicators, was that which suggested that the participants should be on or below the poverty line. There was some discussion around this indicator as there has been a great deal of debate around whether micro-finance is an effective mechanism for meeting the needs of the poorest of the poor. Some have suggested, as outlined in Chapter 2, that micro-finance works to exclude the poorest of the poor. The thesis concludes rather that the two micro-finance

programmes, while not working with the poorest of the poor, are working with a group of people who can be termed the 'absolute poor'. As an extension it concludes that, rather than discriminating 'against' the group that most needs it, they are tailoring and targeting an intervention which is appropriate to the needs of a group which would otherwise be excluded from economic activity. In effect it is a reflection of what might be termed the 'positive inclusion' of a target group. Such is the nature, one would suggest, of all good development programmes with limited resources.

The overwhelming evidence of the thesis research then points to the fact that the micro-finance programmes have been successful in impacting on all of the key basic material and physical indicators of a group of people who are clearly living on or below the poverty line. This evidence serves to confirm the thesis hypothesis.

Clearly then the micro-finance programmes have impacted in facilitating the physical and material platform necessary for people to pursue their own development. It is equally clear that the micro-finance programmes have impacted directly in facilitating the emergence of something of a 'lower level' platform of social capital for community members involved in the programmes. This platform is characterised by community members who have obtained the individual confidence, household and community status, collective solidarity and values base, necessary that they can feel confident in pursuing their own sustainable development.

Finally it was also apparent that what I have termed the 'higher level' social capital indicators are being impacted upon in a positive fashion. It appears that this is not because of the direct intervention or influence of the micro-finance programmes. The programme has provided the platform which allows the community members to choose this path to the higher level aspects of social capital. Clearly, this platform allows the people to safely pursue a more strategic and outwardly focused approach to living. This is logical in that this level of development is very unlikely to manifest if the basic physical and material needs, and lower level social needs, are not first provided. Without these, life for the poor is simply a mad scramble to survive as an individual. Any kind of strategic approach to individual stabilisation is extremely difficult.

So it is clear that the micro-finance programmes have provided the material, physical and social base necessary for people to feel both confident in choosing, and capable of achieving, the form of development which they wish to pursue. It is also

clear that many of the programme members have chosen to pursue the higher level social capital outcomes.

The question still remains, however, whether the micro-finance programmes are in some way indirectly responsible for leading them down this path towards improved social capital. It would appear reasonable to assume from the previous discussion that certain lower level aspects of social capital (such as the focus on the values of trust and discipline) may be the glue that, to a certain extent, bonds individuals to the community, and - in turn - to higher level aspects of social capital. However, this point, given the constraints of the research, cannot be fully validated.

What is clear is that the micro-finance programmes surveyed in this thesis have facilitated the economic and social platform necessary that the people are able to choose, and confidently act upon, a design for their own development. What is also clear is that when, given this choice, many of these community members have elected to pursue a form of development which is centred in a focus on the needs of others. Whether, this represents a situation where the people have discovered a form of development which aligns with some 'ultimate design' for humanity, and whether by extension the micro-finance programmes have had a role in influencing this discovery, is, one might say, in the lap of the Gods.

In Chapter 1, I presented the hypothesis that 'social capital' is the goal of sustainable development i.e. in contrast to those social capital theorists who propose that it a necessary foundation for economic development. (As previously mentioned, although not specifically targeted for validation, this theme has provided a strong stimulus for analysis and is an area where I would like to pursue further research.)

It was proposed that basic material and physical needs provide the foundation from which aspects of social capital could then be achieved by the community themselves. Definitions of the two concepts were put forward. Indicators were then derived from these definitions. These were then in their turn used in Chapter 6 to assess the impact of the two case study micro-finance programmes. These indicators include:

Basic Physical and material needs indicators:

- Evidence of increase in income

- Evidence of increasing capacity to cope with unforeseen limitations to income earning opportunities
- Evidence of increased education opportunities for family members
- Evidence of increase in skill base necessary to ensure sustainable income
- Evidence of improved access to healthcare and corresponding improvements in health
- Evidence of improvement in asset base
- Evidence of improvement in housing
- Evidence of increase in household food consumption
- Evidence of improved nutrition
- Evidence that the majority of participants are on or below the poverty line on entering the programme.

Social Capital Indicators:

- Evidence of increased sense of belonging of most vulnerable
- Evidence of increased awareness of causes of individual and community problems
- Evidence of increased commitment to share with and help others and contribute to bringing a more healthy community
- Evidence of increase in power, status and respect of most vulnerable groups, within the household and the wider community
- Evidence of increase in focus on or practice of religion or spirituality
- Evidence of increased individual and collective confidence and power among programme members in consulting with public authorities
- Evidence of more harmonious relationships in the household and in the community
- Evidence of the very poor voluntarily participating in associations and social networks and co-operating for mutual benefit
- Evidence of shared values and consequent action.

In Chapter 2, background information was provided on the key debates regarding micro-finance and its role in community development. I gave particular

emphasis to those debates which are directly relevant to the context of the primary research and to the issue of social capital. These key debates include:

1. Does Micro-finance in effect serve to address only the effects and not the causes of poverty?
2. Is micro-finance a tool that is compatible with the achievement of gender empowerment?
3. Can credit alone be a panacea for eradication poverty? (Rogaly and Johnson 1997: 1)
4. Does an efficient and economically sustainable institution correspond with maximum outreach and impact in the community?
5. Is microfinance an effective tool for meeting the needs of the poorest of the poor?
6. Can a microfinance model be successfully transplanted in a target community when it has been developed on a different context?

Clearly, there is a great deal of debate around the issue of micro-finance and its place in community development. I stressed the importance of understanding the issues which drive the debate, while at the same time of ensuring that no 'one' perspective leads the analysis of the primary data. These debates were then threaded through the analysis and discussion of key indicators for community development in Chapter 7.

The issue which has engendered probably the highest level of debate is that which asks: Is Micro-finance a tool that is compatible with the achievement of gender empowerment? In Chapter 2, the various arguments both for and against were presented. I suggested that it was wise to avoid any ethnocentric assumptions about the essence of empowerment. As mentioned in the introduction, a primary concern that has driven this thesis is the habit of several feminist writers to dismiss the validity of a programme if it does not produce impact which conforms to these writers' externally contrived notions of 'empowerment'. The issue of women's workload and micro-finance is a case in point, illustrating these concerns well.

Oftentimes the involvement of women in micro-finance programmes means that they spend more time working outside the home while their workload at home is not reduced at all. In some cases, this is shown to be evidence of actual exploitation and hence disempowerment. However, as the responses of the female community members proves in this case (in Chapter 5 and 6) there can be situations where women are

empowered by a situation where they have a greater workload, less leisure time and are actually making an even greater sacrifice for others, where this results in an improvement in the quality of life for their family.

The externally derived notions of empowerment tend to dismiss this perspective as evidence of some sort of inhibited awareness. The idea that a woman could be genuinely empowered by making sacrifices for the family is dismissed as a notion of one who has been brainwashed.

I do not for one second suggest that all women should accept that they are empowered by having the opportunity to increase their earning potential through extra work. I acknowledge that in particular cultural contexts, this double workload can be an oppressive burden. However, I do suggest that the responses of men, women or children regarding what makes them happy should not be dismissed simply because they do not fit with some academic blueprint of 'empowerment'.

In particular, I believe that the possibility of people (men, women or children) being empowered by acts of sacrifice for the collective should not be dismissed as a possible indicator of empowerment. It is an area of great interest and one that I would like to research further in the future.

Chapter 3 provided a brief cultural, political and socio-economic background on the Philippines' communities within which the research was carried out. Particular emphasis was placed on outlining the nature and causes of the informal workforce in this context. It was discovered that the causes of the informal workforce, along with the factors that bind their vulnerability, are many and varied. It is this group which micro-finance is largely aimed at and it was important to bring an understanding of the actual context. This information then informed the presentation and summary of data in Chapter 6 and the analysis thereof on Chapter 7.

By extension, I conclude that objectivity and validity are not necessarily mutually supporting. That, in effect, a form of objectivity that does not acknowledge humanity is one which may, in fact, remove the validity (of development) altogether. Through conducting this research, I learned the value of approaching research in a somewhat informal and flexible fashion, one which can adapt to the needs of the people while walking alongside them as they continue in their normal flow of life. As mentioned earlier, the approach which I took to individual interview sampling was far from an academic blueprint, and was not exactly as planned. However, from my point

of view it worked extremely well and gave me what I believe to be a relatively valid and reliable data set.

Chapter 4 outlined the methodology used to carry out the research. It discussed the methodology chosen, the individual tools used, and the ethical approach adopted to the conduct of the research. Also outlined were some of the key challenges faced in carrying out and completing the process.

One of the key observations made in this chapter is that an overemphasis on seeking objectivity can lead to a negative approach and a negative impact. It was concluded that a commitment to ensuring elements of subjectivity is key to allowing an experience from which humanity is able to emerge and really show its face.

My approach was designed in all respects to ensure that I did not inflict further hurt on people who have, in most cases, endured a world of suffering. Consequently, an approach was applied which was designed to show respect for the respondents and their perspective. All interviews were done with the respondents fully informed and at a time and place that suited them. All of the responses of the community members, both positive and negative, have been accepted without any sort of ethnocentric second guessing. Critical analysis has been applied but I have sought to avoid unnecessary scepticism. In short, I have applied what I believe was the necessary level of 'subjectivity' to ensure that the process was humane and, by extension, ethical and valid.

Chapter 5 presented a summary of the results from the data collected from both the individual interviews and the Focus Group Discussions. The summary observations are based around both an overall summary of consistent themes and comparison between the impacts of the two organizations.

Chapter 5 also presented a brief background on the two organisations which were used as the centerpiece for the research. Particular attention was brought to defining and comparing the key features of the two programmes. The important point to note from this chapter is that the two programmes vary quite considerably in terms of their breadth of intervention. Group C is a programme which includes a number of interventions aside from purely financial ones. Therefore, for many of the indicators it was not valid to consider the respondents as one big, representative group. The differences in the programme were used to further triangulate the data, observations, and analysis in Chapters 6 and 7. The contrast between the two was particularly useful

in informing the debate around whether micro-finance can be effective in isolation in facilitating sustainable development

Then in Chapter 6, I took this data and analysed it against the key indicators of sustainable development established in Chapter 1. Particular emphasis was brought to the analysis and discussion of the relationship between micro-finance and social capital. These results were also considered in the context of the key debates as outlined in Chapter 2.

This thesis does not propose that micro-finance is the panacea for the alleviation of poverty. Instead, it concludes that micro-finance programmes, when appropriately tailored to unique environments, have the capacity to provide the catalyst for a form of sustainable development which is in line with the will of the people.

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Appendix 1: Case Study Questionnaires

Semi-Structured Individual Interview Questionnaire.

SOCIAL DYNAMICS-GENDER EMPOWERMENT

I. Workload Distribution

1. *Pano nyo hinahati ang mga gawaing bahay?*

How is the breakdown of tasks done in your home?

a. *Sino ang naglalaba?*

Who is responsible for washing of clothes?

b. *Sino ang nagluluto?*

Who cooks for the family?

c. *Sino ang nag-aalaga sa mga anak?*

Who takes care of the children?

d. *Sino ang nakikipag-usap sa mga otoridad?*

Who talks to local authorities?

e. *Sino ang nag-iigib ng tubig?*

Who collects water?

f. *Sino ang bumibili ng pagkain?*

Who buys for food?

2. *Maaari nyo bang sabihin isa-isa ang mga regular na ginagawa nyo pagkagising hanggang sa pagtulog?*

Could you give me a breakdown of the things you do from the moment you wake up until you go to sleep?

Ex. 5-8 am=8-10am=10-12 noon=1-3pm=3-5pm=5-7 pm=7-9pm=10:00 pm

3. *Maari nyo po bang idetalye yung ginagawa naman ng asawa nyo?*

How about your spouse?

4. *May kaibahan po ba yung ginagawa nyo simula nung sumali kayo sa programa?*

Has this distribution of tasks changed since you entered the programme?

II. Decision-making

1. *Sino ang nagdedesisyon sa mga sumusunod?*

Who in the household is responsible for decision-making in the following areas?

- a. *edukasyon ng mga anak*
children's education
- b. *pang-araw araw ng gastusin*
day to day finances
- c. *malalaking gastusin*
major finances

2. *Kung may dagdag na kita, may pagbabago ba sa inyong mga responsibilidad at pagdedesisyon?*

Given that you have an increase in income, has this meant any change in your responsibilities for decision making? If so, what have they been?

III. Skill Development

1. *Bago kayo sumali sa programa, ano sa tingin nyo ang inyong kakayahan sa sumusunod?*

Before you joined the programme, on a scale of 1-5, 5 being the highest, how would you have rated skills in the following areas?

- a. *badyet*
budget
- b. *pagipon ng pera*
saving money
- c. *pakikipag-usap sa mga opsyales*
communicating with public officials
- d. *pamilili*
marketing
- e. *pagpapatakbo ng negosyo*
operating a business
- f. *pagtulong sa komunidad*

(POOR)...(SATISFACTORY)...(EXCELLENT).
--

1 2 3 4 5

contributing to the community

2. *Ano-ano ang mga kakayahan na natutuhan mo?*

What specific skills have you learned?

3. *Paano ito nakatulong sa inyong buhay?* Halimbawa

How has this assisted in your life in general? Examples.

IV. Leisure time

1. *Bago kayo sumali sa programa, ilang oras ang pampalipas/pahinga ninyo?*

Before you started in the programme, how much leisure time did you have(per week)?

2. *Ano ang mga gingawa ninyo pampalipas oras?*

What activities did you engage in?

3. *Sa isang regular na araw, ilang oras ang napapahinga/siesta ninyo?*

How much leisure time do you have now in an average day?

4. *Anong ginagawa ninyo ngayon na pampalipas oras?*

What activities do you engage in for now?

5. *Anong gusto /pinakaideyal na pampalipas oras nonyo kung marami kayong oras at pera?*

What would your ideal leisure activity if had all the time and money?

V. Communication

1. *Paano mo maisasalarawan ang komunikasyon sa bahay ninyo?*

How would you describe the communication in your household?

NO COMMUNICATION---ABUSIVE---NEEDS IMPROVEMENT--- SATISFACTORY---IDEAL

1

2

3

4

5

Pano nyo nasabi? Halimbawa.

Why do you say so? For example-

2. *Pano ang relasyon ninyo sa inyong mga anak?* Halimbawa.

How well do you interact with your children? Give instances.

3. *Ano ang relasyon ninyo sa inyong mga anak? Halimbawa.*

What kind of relationship do you have with your children? Example.

4. *Paano mo maisasalarawan ang relasyon mo sa iyong asawa?*

How would you describe your relationship with your spouse?

5. *Sinusuportahan ka ba ng iyong asaw sapagsali sa programa?*

Has your spouse always been supportive of your involvement in the program?

6. *Paano nakaapekto ang proekto sa relasyon mo sa iyong mga anak at asawa?*

How has the programme effected these relationshipS within the household? e.e. better communication

CAN'T SEEM TO DISCERN THE EFFECT---NO EFFECT AT ALL---LITTLE EFFECT---NOTICEABLE CHANGE---TOTAL TRANSFORMATION
--

1---2---3---4---5

COMMUNITY SOCIAL DYNAMICS

I. Community Group Involvement

1. *Anong mga grupo ang sinalihan mo bago ka sumali sa programa?*

Before you joined the programme, what community group were you involved with?

2. *Pumupunta ka sa mga banko?*

Did you have dealing with local banks?

3. *Meron bang ibang grupo na sinalihan mo maliban sa programang ito? Anong klaseng partisipasyon Gaano kadalas?*

Aside from the programme , have yopu joined other community groups? What is your level of attendance? Involvement?

4. *Anong ang mga benipisyo o problema sa grupo?*

What are the primary benefits and problems of the self-help groups? Give 2 benefits and problems each.

5. *Anong epekto sa buhay mo ang pagsali sa programa?*

What does this increased involvement in community groups reflect in your life?

II. Public Officials

1. *Nung hindi ka pa sumali sa programa, ano sa palagay mo ang pakikisalumuhan mo sa mga opisyales at isang tao? Bakit ganito sa tinign mo?*

Before you joined , how did you feel about your dealings with public officials and other people? Why do you think were reasons for this?

LOW---SATISFACTORY---EXCELLENT				
1	2	3	4	5

2. *Nagabago the ba ang mga ito? Magbigay ng halimbawa.*

Has this changed at all? Give examples.

3. *May kaugnayan ba ang iyong partisipasyon sa pagbabagong ito?*

Has your involvement in the progamme played any role in this?

III. Religiosity

1. *Nagdadasal ba kayo ng sabay sa pamilya?*

Does the family pray together?

2. *Anong aspeto sa buhay ang nagpapakita ng iyong pananampalataya?*

What key actions in life display the practice of religion?

3. *Pumupunta ba palagi sa simbahan ang mga kasapi?*

Do the participants go often to church?

4. *Kung may dagdag ang iyong pananampalataya sa Diyos, nakikita ba ito sa pakikipagsalumuhan sa kapwa mo?*

If your faith focus has increased, has this reflected in the way you interact with your family and community members?

NOT AT ALL---SOMEWHAT---VERY MUCH				
1	2	3	4	5

IV. Income

1. *Ano sa tingin nyo ang minimum na households income na isang pamilya ng may 3 anak?*

What do you feel is the minimum households income necessary for a family with 3 children?

2. *Anong kinikita nyo kada buwan bago kayo sumali sa programa?*

What was your average income before you started in the programme?

3. *Magkano ang kita nyo ngayon?*

What is your average monthly income now?

4. *Anong mga bagay ang nakaapekto sa kita nyo?*

What other factors have worked to affect your income?

5. *Pano ito nakaapekto sa buhay nyo? Kung may dagdag na kita, alin aspeto sa buhay mo ang may pagbabago?*

How has this impacted on your life? If there has been an increase in income, which areas in your life have improved?

- a. *kalusugan*

healthcare

- b. *edukasyon*

education

- c. *bahay*

housing

- d. *pagkain*

food

6. *Meron ba kayong ginanawa kapag hindi po kayo nakakita ng malaki o kapag hindi nagastusan ang mga kailangan paggastusan?*

Do you have any coping safety nets mechanisms in mind or in place for a time when you might not be able to bring in income or when you have a major expenditure, like say, health reasons?

V. Education

1. *Nung hindi ka pa sumali sa programa, anong klase ng edukasyon ang minimithi mo para sa iyong mga anak?*

What was your greatest hope for education of your children before you joined the programme?

2. *Ano ang iyong mga gusto para sa mga anak mo ngayon?*

What level do you hope to get for your children now?

3. *Prioridad ba ang pag-aaral ng iyong mga anak?*

In terms of priorities, how does the education of your children rate?

NOT A PRIORITY AT ALL---SOMEWHAT IMPORTANT---VERY IMPORTANT

1 2 3 4 5

VI. Food

1. *Magkano ang gastos nyo sa pagkain bago ka sumali sa programa?*

What was your basic monthly expenditure on food before you joined the programme?

2. *Ano ano ang mga binibili mo?*

What were the primary items of expenditure?

3. *May pagbabago ba sa inyong kinakain araw-araw?*

How has your diet changed?

4. *May pagbabago ba sa kalusugan ng iyong pamilya?*

Has there been any changes in the health of your family?

WORSEN---STILL THE SAME---IMPROVED

1 2 3 4 5

VII. Healthcare

1. *Ano ang mga problema mo sa kalusugan bago ka sumali sa programa?*

What were the major issues for in terms of healthcare before you joined the programme?

2. *Sa anong paraan nakatulong sa iyo ang programa?*

In what ways does the programme assist you in this area?

3. *Sa anoong aspeto ng kalusugan ang nabago sa iyong pamilya sa pagsali sa programa?*

In what areas has the health of your family changed as a result of the programme? Example.

VIII. Household

1. *Bago kayo sumali sa programa, ano ang kalagayan ng iyong pamamahay at anu-ano ang mga pag-aari nyo?*

What was the condition of your house and what assets did you have before you joined the programme?

2. *Ano na ang kalagayan nyo ngayon?*

What is now the case?

FINAL QUESTIONS

1. *Maari nyo bang sabihin kung ano ang 4 na malubhang aspeto ng inyong buhay bago kayo sumali sa programa. Maari ba ninyong ipaliwanag bawat isa. Ang ang mga bagay na nagbigay kalungkutan sa inyo?*

What were the 4 worst things about your life before you joined the programme?

What were the things that made you unhappy?

2. *Ano-ano ang 4 na bagay na ninais nyong magbago sa inyong buhay sa pagsali sa programa?*

What were the top 4 things you wanted to change in your life when you joined the programme?

3. *Ano ang 4 na panugnahing pagbabago sa inyong buhay na epekto ng pagsali nyo sa programa?*

What have been the 4 key impacts on your life from joining the programme?

Explain that this can be anything positive/negative. Also explain that it can include intangible things such as relationship.

What are your favourite parts of the CCT/BAYAN programme?

4. *Ano ano ang mga hindi inaasahang pagbabago sa iyong buhay?*

What have been the unexpected improvements in your life?

5. *Pano nabago ng programa ang inyong mga prioridad sa buhay?*

How have your priorities changed since you joined the programme?

6. *Ano ngayon ang 4 na magandang pagbabago sa gusto mong makita sa buhay mo?*

What are the 4 priorities in terms of improvements that you would like to see in your life now?

7. *Ano ang pangarap mo para sa inyong komunidad?*

What are your hopes for your community?

8. *Nais ba ninoyng makatulong sa pagtupad nito? Sa anong paraan?*

Do you intend to contribute to fulfilling this vision and if so, in what ways?

Focus Group Discussion Questions

1. Ask them to come up with an agreement on the top 3 worst things about their lives before they joined the programme. I.e. in order of priority - a mutual consensus in the group. Give some explanation. What were the things that made you the most unhappy?
2. : What were the top 3 things you wanted to change/achieve in your life by you joining the programme? In essence what were your goals in joining the programme? What were the features of the programme that attracted you in seeking to make these changes? i.e. in order of priority.
3. What have been the 3 key impacts/ changes in your since joining the programme. i.e. in order of priority.
4. What have been some of the unexpected changes in your life and in your person?"
5. "Given that you have achieved some of your original goals with your involvement in the programme what are now your top 3 priorities in terms of areas of improvement you would like to see in your and your family's life.

Appendix 2: Case Study: Information and Consent Forms

Information Sheet

Research Project Title: Micro-Finance: Sustainable Development or Economic Band-Aid?

- My name is Nick Alexander and I am working on a Masters thesis through MASSEY University of New Zealand. I work also for TEAR Fund New Zealand in their Projects department on a part time basis.
- My co-researcher is named Crismel Yparraguirre and her e-mail address crsimely@yahoo.com.
- My e-mail address is nickalexander@paradise.net.nz and my work phone number when in New Zealand is (0064) 09 629 1048.
- The name of my University supervisor is Donovan Storey. His e-mail address is d.storey@massey.ac.nz
- The primary purpose of this research is largely to seek to impact of the micro-finance programmes on the lives of the community members. In analysing this I hope to ask you what you believe to be the goals of the micro-finance programme you are involved in and then to follow this up by asking you how you believe involvement in the programme has impacted on your lives and the lives of others in the community. I am interested to compare the opinions of staff and community participants as to what they see are the priority areas for improving their lives.
- I would appreciate your participation but you must know that you are not by any means forced to do so. If you decide to take part you can withdraw at any stage and I require no notice of this withdrawal.
- Participation on your part will mean involvement with myself and another researcher in discussions about your lives, your opinions about your community, your opinions about the micro-finance organization you are involved with. You should also feel free to ask us anything about ourselves that you might want to know. If at any point you feel there is a question you do not wish to answer you should feel free to decline to answer. We will conduct the discussion in a place of your choosing. It will last for a maximum of two hours.

- You can feel free to be completely honest as your answers will not be linked in any way to your name, either in discussions with staff or in final reporting of the analysis. If you have any concerns in this area either now or at a later date with the way I have conducted the research please contact my supervisor at the above named e-mail address.
- If you have any questions at any point during the interview please feel free to interrupt and I will answer straight away.
- A summary of the research findings will be available at the community base of the community development organisation with which you are linked at the conclusion of my analysis toward the end of January 2002. There is full agreement from all concerned that you will have access to all information if you so desire.
- The analysis will be largely a collation of all the ideas and facts that come through from you participants. In that there are not a high number of participants being interviewed the focus will be on detailing your stories – your trials, your triumphs and your goals for the future.
- I have a tape recorder which I will turn on for recording each discussion, but only with your permission. If you do not wish it to be used then it will not be. In that they you will be speaking Tagalog my co-researcher will transcribe the notes off the recording. She has also committed to complete confidentiality with regard to keeping your names out of the research reporting unless you specifically state that you would like your name included.
- The cassette tapes may be destroyed or returned to you when the research is collated. This is your decision.
- All data collected will be very carefully stored and secured.

Finally THANK YOU so much for your time regardless of whether you participated or not. It is a privilege to be given the opportunity to sit and share with you. I am constantly humbled by the generosity and faith that all of you that I have met have shown me.

Research Project Title: Micro-Finance: Sustainable Development or Economic Band-Aid?

CONSENT FORM

I have read the information form and have had the details of the study explained to me. My questions have been answered to my satisfaction, and understand that I may ask further questions at any time.

I understand I have the right to withdraw at any time from the study at any time and to decline to answer any particular questions.

I agree to provide information to the researcher on the understanding that my name will not be used without my permission.

(The information will be used only for this research and publications arising from this research project)

I agree/do not agree to the interview being audio-taped.

I also understand that I have the right to ask for the audio-tape to be turned off at any time during the interview.

I agree to participate in tis study under the conditions set out in the information sheet.

Signed:

Name:

Date:

Appendix 3: Case Study Data Charts

Daily Time Use Analysis

TIME:	2.2.1. Participant B1	TIME:	2.2.2. Partner of Participant B1	TIME:	2.2.1. Participant C1	TIME:	2.2.2. Partner of Participant C1
4am-7am	Wakes up, Cooks Breakfast, Irons clothes, Cleans house.	7am-8am	Wakes and eats breakfast	3am-6am	Wakes up, says prayers, cooks food, gets Grandchildren ready	4am-6am	wakes up and fetches water.
7am-12am	Tends sari sari store and plastic ware selling.	7am-5pm	Works	6am-8am	Cleans house	6am-12pm	Look after Grandchildren, Tend store - food selling.
12-1pm	Lunch	5pm-10pm	Rests	8am-9am	starts selling food to neighbours.	1pm-6pm	Look after Grandchildren, repair house.
1 pm-4pm	laundry			9am-1pm	Iron clothes, do other chores.	6pm-8pm	rests
4-6.30pm	Rests			1pm-6pm	continue with chores, sleep.	8pm-9pm	dinner
6.30pm-8pm	Cooks Dinner			6pm-7pm	go to market.	9pm	dinner
8pm	Eats Dinner			7pm-8pm	iron clothes while watching T.V.		
10pm	Sleeps			8pm-9pm	eat dinner		
				9pm	sleeps		
TIME:	2.2.1. Participant B2		2.2.2. Partner of Participant B2	TIME:	2.2.1. Participant C2		2.2.2. Partner of Participant C2
5am				5am-7am	Wakes up and does household chores.		Alcoholic
8am-12pm	Wakes up, cooks breakfast, cleans house	9am-4pm	Works	7am-12pm	Sells soft Drinks and biscuits.		
12pm-5pm	Tends to buy and sell business	4pm-7pm	Relaxes and eats dinner	12pm-1pm	Cooks and eats lunch.		
5pm-7pm	Makes and eats dinner	7pm-9pm	Relaxes	1pm-6pm	Sells soft Drinks and biscuits.		
7pm-9pm	downtime	9pm	Sleeps	6pm-7pm	cooks and eats dinner		
9pm	Sleeps			7pm-10pm	Watches TV		
				10pm	Sleeps.		
TIME:	2.2.1. Participant B3		2.2.2. Partner of Participant B3	TIME:	2.2.1. Participant C3		2.2.2. Partner of Participant C3
4am-6am	Cooks breakfast, prepares things for children	5.30am-3pm	Works	5.30am-7am	Wakes up, irons clothes and makes breakfast.	7am-6pm	Works as government employee.
6am-5pm	Tends to business - wholesale distributor of AVON cosmetics.	3pm-9pm	Rests	7am-6pm	Sells softdrinks and biscuits.		
5pm 6pm	Cooks dinner			6pm-8pm	cooks and eats dinner		
6pm-9pm	Watches TV			8pm.	Rests		
TIME:	2.2.1. Participant B4		2.2.2. Partner of Participant B4	TIME:	2.2.1. Participant C4		2.2.2. Partner of Participant C4
5.30am-6am	Wakes up and prepares breakfast		Husband has had two strokes and so does little.	4am-6am	wakes up and gets kids to school.	8am-7pm	Goes to work.
6am-11am	Makes ribbons and bows for business			6am-12am	tends store	8pm-10pm	tends store.
11am-1pm	Cooks and eats lunch			12-5pm	rests	10pm	sleeps
1 pm-5pm	Makes ribbons			5pm-7pm	cooks and eats dinner		
5pm-6pm	Goes to market.			10pm	sleeps		
6pm-8pm	Cooks dinner						
8pm-11pm	Eats dinner and watches TV						
11pm	Sleeps						
TIME:	2.2.1. Participant B5		2.2.2. Partner of Participant B5	TIME:	2.2.1. Participant C5		2.2.2. Partner of Participant C5
5.30am-6am	Wakes up, prepares breakfast, cleans house.			5am-8am	Collect water, Cook breakfast, bathe Kids	5am-6pm	Sells newspapers and cigarettes.
6am-12pm	Makes ribbons	6am-12am	Helps make ribbons	8am-11am	Clean house and do laundry.	6pm-9pm	eats dinner and rests.
12pm-1pm	lunchtime	12-1pm	Eats lunch	11pm-1pm	cook and eat lunch	9pm	sleeps
1pm-6pm	Makes ribbons	1pm-6pm	Helps make ribbons	1pm-3pm	rest and watch TV.		
6pm-8pm	Rests	6pm-9.30pm	Eats and rests	3pm-6pm	manicure and pedicure business		
8pm-9.30pm	rests			6pm-8pm	cook and eat dinner		
9.30pm	sleeps			9pm	sleeps		
11pm							
TIME:	2.2.1. Participant B6		2.2.2. Partner of Participant B6	TIME:	2.2.1. Participant C6		2.2.2. Partner of Participant C6
4am-5am	Wakes up and cooks breakfast	6am-4pm	works	5am-6.30am	Wakes up and cooks breakfast		Works away from home.

5am-8pm	Tends business, store	8pm	sleeps	6.30am-12pm	Does chors around house.		
9pm	Sleeps.			12pm-3pm	has lunch and then rests.		
1:00 p.m.				4.30pm-6pm	goes to market		
3pm				6pm-8pm	cooks and eats dinner.		
6pm				9pm	sleeps.		
9pm							
11pm							
TIME:	2.2.1. Participant B7		2.2.2. Partner of Participant B7	TIME:	2.2.1. Participant C7		2.2.2. Partner of Participant C7
4am-6am	Prepares things for Grandchildren		Stays in house all day and sometimes plays with Grandchildren. Is retired.	4am-11am	Wakes up, cooks breakfast, cleans house, does laundry.		
6am-11am	Sells Tocino, vinegar and fish sauce.			11am-12pm	watches TV.		
11am-12pm	Lunch			12pm-1pm	eats lunch.		
1pm-7pm	Caretaker job at Church			1pm-4pm	does chores and watches TV if time.		
7pm-9pm	prepares and eats dinner			4pm-5.30pm	Goes to market.		
9pm-10pm	relaxes			5.30pm-9pm	Cooks dinner, eats dinner, irons clothes.		
10pm	Goes to bed			9pm	sleeps		
TIME:	2.2.1. Participant B8	TIME:	2.2.2. Partner of Participant B8	TIME:	2.2.1. Participant C8	TIME:	2.2.2. Partner of Participant C8
4am-6am	Wakes up and goes to market	8am-4pm	assists with business	1am-4am	wakes up and collects water		
6am-8am	Prepares children for school and cooks breakfast.	9pm	sleeps	4am-6am	makes rags		
8am-12pm	Sells barbeque food			6am-9am	Goes to market		
12pm-1pm	Lunch			9am-11.30am	laundry and cooking		
1pm-4pm	Sells barbeque food			11.30am-1pm	Lunch		
4pm-8pm	works in house			1pm-7pm	Cooks dinner and watches TV.		
8pm-10pm	cooks and eats dinner			7pm-9pm	cooks dinner and watches TV.		
TIME:	2.2.1. Participant B9		2.2.2. Partner of Participant B9	TIME:	2.2.1. Participant C9		2.2.2. Partner of Participant C9
5am-6.30pm	Wakes up and prepares kids for school	8am-4pm	sews curtains	4am-10am	Wakes up, collects water, cooks breakfast, cleans house	6am-7pm	works
6.30am-8pm	Tends store, does laundry, sews curtains and cooks.			10am-12pm	makes rags.	7pm-9pm	rests
9pm	goes to sleep			12pm-1pm	makes and eats lunch.	9pm	sleeps.
				1pm-6pm	makes rags.		
				6pm-7pm	rests sometimes.		
				7pm-9pm	cooks and eats dinner		
				9pm	sleeps		
TIME:	2.2.1. Participant B10		2.2.2. Partner of Participant B10	TIME:	2.2.1. Participant C10	8.30am-8.30pm	works.
5am				3am-5am	wakes up and collects water		
8am				5am-12pm	does laundry and cleans house.		
11am				12pm-1pm	eats lunch		
1:00 p.m.				1pm-6pm	makes rags.		
3pm				6pm-9pm	cooks and eats dinner		
6pm				9pm-10.30pm	watches TV		
9pm				10.30pm	sleeps.		
11pm							
TIME:	2.2.1. Participant B11		2.2.2. Partner of Participant B11	TIME:	2.2.1. Participant C11		2.2.2. Partner of Participant C11
5am-11am	Wakes up cooks food and does laundry	8am-5pm	works	4am-12pm	Wakes up, says prayers, cooks food and cleans house.		
11am - 1am	rests and has lunch			12pm-1pm	Lunch		
1pm-5pm	Tends store,			1pm-5pm	tends business		
				5pm-9pm	cooks and eats dinner		
				9pm	sleeps		
TIME:	2.2.1. Participant B12		2.2.2. Partner of Participant B12	TIME:	2.2.1. Participant C12		2.2.2. Partner of Participant C12

6am-12pm	Opens and tends store, cleans house, does laundry.	8am - 4pm	works	4am-7am	Cooks breakfast, cleans house, does laundry	4am-7pm	works.
12pm - 2 pm	Fetches children from school. Fixes lunch.			7am-12pm	Goes to market and continues laundry.		
2pm-4pm	tends store			12pm-1pm	Lunch		
5pm	cooks dinner			1pm-4pm	Looks after Grandchildren		
				5pm-7pm	Goes to market and continues laundry.		
10pm	sleeps			7pm-9pm	cooks and eats dinner		
				9pm	sleeps.		
TIME:	2.2.1. Participant B13		2.2.2. Partner of Participant B13	TIME:	2.2.1. Participant C13		2.2.2. Partner of Participant C13
3am-4am	Wakes up and drains water for water station.	8am-5pm	Works all day.	3am-11.30am	prepares things for day for children and husband, cooks food does laundry.	3qm-6pm	works.
4am-7pm	Opens and tends store.			11.30-12pm	rests..		
7pm - 8pm	makes and eats dinner			12pm-1pm	Lunch		
8pm	sleeps			1pm-3pm	tends store.		
				3pm-6pm	prepares dinner.		
				6pm	prays Angelus.		
				7pm-8pm	eats dinner.		
				8pm	sleeps.		
TIME:	2.2.1. Participant B14		2.2.2. Partner of Participant B14	TIME:	2.2.1. Participant C14		2.2.2. Partner of Participant C14
4am -12pm	Wakes up, goes to market and sells breakfast food.	8am-4pm	works	7am-10am	wakes up, prays, does household work.		
12 pm -12.30 pm	lunch			10am-12pm	delivers rags.		
13.30pm-3pm	gets duck eggs to sell from dealer.			12pm-1pm	lunch		
3pm-6pm	rests			1pm-7pm	Does laundry, cleans house, goes to market.		
6pm	Dinner			7pm-10pm	cooks and eats dinner		
8pm	Sleeps			12pm-1pm	sleeps.		
TIME:	2.2.1. Participant B15		2.2.2. Partner of Participant B15	TIME:	2.2.1. Participant C15		2.2.2. Partner of Participant C15
3.30 am - 7am	Goes to market, tends store and does house chores.		?	5.30am-7am	Wakes up, irons clothes and makes breakfast.	8am-4pm	works.
7am - 7pm	eats dinner.			7am-6pm	Sells tocino		
7pm-8pm				6pm-8pm	cooks and eats dinner		
1:00 p.m.				8pm.	Rests		

Household Decision - Making															
Who is responsible for decisions in the following areas; P-Participant, H- Husband/Partner, O-Other															
	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10	B11	B12	B13	B14	B15
CHILDREN'S EDUCATION	P	P	P	P	P	P	H	P	P/H	P	P	P	P/H	P	P
DAY TO DAY FINANCES	P	P	P	P	P	P	P	P	P/H	P	P	P	P	P	P
MAJOR DECISIONS	P	P	P/H	P	P	P	P	P	P/H	P	P	P	P/H	P/H	P
	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15
CHILDREN'S EDUCATION	P	P	P/H	P/H	P	H	-	P	P	P	P	P/H	P	P/H	P
DAY TO DAY FINANCES	P	P	P/H	P	P	P	-	P	P	P	P	P/H	P	P/H	P
MAJOR DECISIONS	H	P	P/H	P/H	H	P/H	-	P	H	P	P	P/H	H	P/H	P

Skill Development															
Before you joined the programme on a scale of 1 - 5 how would you have rated your skills in the following areas? (ie 1 being the least skilled and 5 the most) And now?															
	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10	B11	B12	B13	B14	B15
BUDGET	4	3	4	1	3	3	3	3	4	4	3	4	4	3	3
SAVING MONEY	4	4	4	1	3	3	3	3	4	4	3	4	4	3	3
SPEAKING WITH PUBLIC OFFICIALS	4	3	4	3	3	3	4	3	4	1	1	3	4	1	3
OPERATING A BUSINESS	4	3	4	4	3	3	4	3	4	4	3	4	4	3	3
CONTRIBUTING TO THE COMMUNITY	4	3	4	4	3	3	4	1	4	3	2	4	4	3	3

	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15
BUDGET	3	3	1	3	5	3	3	4	3	3	3	1	3	2	3
SAVING MONEY	1	3	1	3	5	4	3	3	3	4	3	1	4	2	3
SPEAKING WITH PUBLIC OFFICIALS	3	1	3	1	1	1	1	4	3	1	3	2	1	1	2
OPERATING A BUSINESS	1	1	3	3	3	3	3	3	3	1	3	2	2	3	2
CONTRIBUTING TO THE COMMUNITY	1	3	3	3	4	3	3	4	3	2	3	3	3	2	1
	Now														
	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10	B11	B12	B13	B14	B15
BUDGET	4	4	4	1	3	3	3	3	4	4	3	4	4	4	3
SAVING MONEY	4	4	4	1	3	3	3	3	4	4	3	4	4	3	3
SPEAKING WITH PUBLIC OFFICIALS	4	3	4	3	3	3	4	3	4	1	1	3		1	3
OPERATING A BUSINESS	4	3	4	4	3	3	4	3	4	4	3	4	4	4	3
CONTRIBUTING TO THE COMMUNITY	4	3	4	4	3	3	4	3	4	3	2	4	4	3	3
	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15
BUDGET	4	5	1	5	4	4	3	4	4	4	4	4	4	4	5
SAVING MONEY	3	4	5	5	4	4	3	3	4	4	4	4	4	4	3
SPEAKING WITH PUBLIC OFFICIALS	1	1	5	1	1	2	1	4	4	2	4	4	1	2	2
OPERATING A BUSINESS	4	4	5	4	4	4	3	4	4	3	4	4	3	4	4
CONTRIBUTING TO THE COMMUNITY	3	4	5	4	5	2	3	4	4	3	4	4	4	2	3