

***Microfinance and Women Empowerment: Measuring the Access and Control over Loan Use and Resources***  
***(A Case Study on WAVE Foundation)***

**Research, Monitoring and Evaluation Division  
WAVE Foundation**

**Microfinance and Women Empowerment: Measuring the Access and Control over Loan Use and Resources (A Case Study on WAVE Foundation)**

Conducted by : Research, Monitoring & Evaluation Division; WAVE Foundation

Research Team : Gulam Mohiuddin (Team Leader)  
Md. Hossain Islam Ripon (Team Member)  
Kitab Ali (Team Member)

Published by : **Wave Foundation;**

3/11, Block# D, Lalmatia, Dhaka-1207

First Published : April, 2015

Copyright © 2015, Wave Foundation

*All rights are reserved. No part of this publication may be reproduced or transmitted in any form or by any means without prior permission in writing from publisher. Any person who does any unauthorized act in relation to this publication may be liable to criminal prosecution and civil claims for damages.*

## **Abstract**

Microcredit is considered to be a popular method of combating the poverty in Bangladesh. Microcredit has been praised and criticized by the different experts of development domain. In economic context, microcredit did bring noticeable development of the participants especially poor and women. However, it is still in haze that how much women are getting benefited in terms of socio-cultural empowerment through this economic venture. This study seeks the answer of the question that how much access and control women do have over the loan use and the resources generated by it. The empowerment scenario overall was observed and discussed on the basis of this prominent indicator 'access and control over resources'. The study findings give us a different insight in this issue and help us to explore the relation between microfinance and women empowerment further.

## TABLE OF CONTENTS

	<b>Page</b>	
<b>1</b>	Introduction	<b>05</b>
<b>2</b>	Research aim and questions	<b>06</b>
<b>3</b>	Scoping the research	<b>06</b>
<b>4</b>	Methodology	<b>06</b>
<b>5</b>	WAVE Foundation and its microfinance program	<b>07</b>
<b>6</b>	Data analysis and findings	<b>09</b>
<b>7</b>	Status of the participants in access and control spectrum	<b>15</b>
<b>8</b>	Summary findings	<b>16</b>
<b>9</b>	Conclusion	<b>16</b>
	<b>References</b>	<b>17</b>

## 1. Introduction:

Microfinance is widely pronounced when we talk about the development of poor people in Bangladesh. It has been praised and criticized at the same time as a tool for development. But, there is no doubt that it is a very popular method of development in the country. It is also claimed that microfinance brings significant improvements in women's socio-political empowerment (Habib and Jubb, 2012). Measuring 'empowerment' has been always challenging. Among many indicators of measuring empowerment, independent right to make choices and control over resources has been a prominent one (Keller and Mbwewe (1991, as cited in Rowlands 1995). This study aims to assess the access and control over loan use and resources of women who is involved with microfinance. It included one organization, WAVE Foundation, as the case subject who working in microfinance since 1993 and working at 11 districts of Bangladesh to implement microcredit program.

It is claimed that microfinance<sup>1</sup> has been an effective and sustainable development tool for tackling poverty and reducing gender inequalities. The importance and attention attached to microcredit was highlighted at the first Microcredit summit in Washington in 1997. Notably in 2006 The Norwegian Nobel Committee awarded the Nobel Peace Prize to professor Muhammad Yunus and Grameen Bank in Bangladesh for their efforts to "create economic and social development from below" (Daley-Harris, 2007: 1).

The impact of giving credit to women has been a controversial issue. Some argue that microcredit has positive impacts on gender equality, women's empowerment and households' wellbeing. On the other hand, microfinance is thought to bring negative impacts for women (Hulme, 2000). Concerning the positive impacts of microfinance on women, microfinance is claimed to help to reduce poverty by increasing consumption among microcredit program participants and their families, improving children's schooling, nutrition, increasing income and self-employment (Khandker, 1998, Pitt at al., 2006). Microfinance can reduce intimate partner violence in the household through participation of women in the credit programs and generate social capital for the participants (Julia at al., 2007; Pronyk at al., 2008) and access to credit can enhance women's economic independence, leading to women's self-esteem and status in the households and wider community (Goetz and Gupta, 1996; Kabeer, 2001). Moreover, women participating into microcredit programs improve their ability to exercise agency in the intra-household processes, to increase women's welfare resulting in decreasing male bias in welfare outcomes in the household; to increase the contraceptive use by women (Mahmud, 2003; Schuler & Hashemi, 1994). Microfinance savings and MFIs also potentially help families in developing countries to cope with financial risks from main illnesses resulting from the cost of medical care and loss of income during illness (Gertler and Moretti, 2008).

However, other studies show the negative impacts of microfinance on women. Goetz and Gupta (1996) showed that most of women's loans are directly controlled by male while female borrowers are still responsible for repayment. In many instances, because of pressure for enforcement of loan contracts, women have to reduce necessary household basic needs, savings to repay the loans in case men invest badly, or are not willing to give money for repayment. Consequently, women's lost control over credit has reinforced gender norms and exacerbated the welfare of women and households. Some studies even suggest that women are abused by microcredit to reduce transaction costs, thus increasing the burden for women, deepening frustration and tension among household members and in women's groups

---

<sup>1</sup> Microfinance is about the provision of services like credit, savings, insurance, accounts, payment services, international transfer, micro-leasing and microfinance targets at the unbankables excluded from formal financial and banking institutions through innovative financial technologies of 'proximity' such as the model of Grameen Bank in Bangladesh (Bastiaensen, 2009).

(Rahman, 1999, Kabeer, 2001). There is little evidence of radical change in the gender division of labor resulting from women's access to loan as women are still doing traditional home-based jobs like poultry raising, tailoring, paddy husking (Kabeer, 2001). Evidently the traditional jobs require intensive laboring and bring low returns, increasing the burden on women who already suffer heavy triple roles<sup>2</sup>.

The current study includes few basic and key questions to query how microcredit works on women empowerment on the basis of access and control to loan use and resources.

## **2. Research aim and questions**

The aim of this research is – to see how microfinance acts as a tool for women empowerment in Bangladesh through a door to door field analysis focusing on access and control over loan use and resources. The research includes following key research questions:

1. What % of women is directly using microfinance for income generating activities?
2. What % of women controlling the loan?
3. What % of women can spend money by their own decision?
4. What % of women buying assets with their own income in the name of herself.

## **3. Scoping the research**

The data collected for this research was only from the selected participants of Microfinance program of WAVE Foundation. All the data was collected from the women participants exclusively. The research only collected data from those unit offices which were established three or more years ago. Participant those are running under third or more cycle<sup>3</sup> of loan data was only collected from them. The research focused on mainly one prominent indicator, access and control over loan use and resources, of empowerment rather exploring it as a whole.

## **4. Methodology:**

WAVE has 80 Unit offices presently among them 53 started their work since three or more years (see Annex-A). The list was collected first and 13 unit offices were selected randomly. Stratified random sampling<sup>i</sup> were used as prime method considering the geographical area and distribution so that the data cover a wide geographical range and gives us more generalized picture. Among those 13 unit office a list of participants who is at third or more cycle of loan was collected from the unit offices (see Annex – B). 20 participants from each unit office list were chosen randomly as final selected participants to collect data (see Annex-C). The lists were only collected from the unit offices but the filtering and selection of the final participants were done by the research team.

A structured questionnaire (see Annex-D) was prepared on the basis of key research questions for field data collection. The collected data was analyzed through spread sheet and database applications (MS Excel, MS Access).

Scale on access and control over loan use and resources: To make findings comprehensive translation of the outcomes, a qualitative scale is drawn to capture the idea how much access and control the women (microcredit participants of WAVE) have over loan use and resources. The scale parameters are given below:

---

<sup>2</sup> Triple roles are reproductive role, productive role and community managing role. For more information, see the definitions of Moser, C., at the website:  
<http://www.ilo.org/public/english/region/asro/mdtmanila/training/unit1/groles.htm>

<sup>3</sup> Loan cycle = times she took loan and repaid successfully

\*Active participation in IGA operation and management: 03 points

\*Resource (each) ownership: 01 points

So, participants are given points in the basis of the scale to see where they exist in the spectrum of access & control.



*Fig-1: Access & Control spectrum*

### **5. WAVE Foundation and its Microfinance program**

WAVE Foundation is a civil society organization established in 1990 in Darsana town under Chuadanga district, situated in the south-western part of Bangladesh. WAVE's main thrust is securing rights of the poor and marginalized, good governance, sustainable livelihood development through promoting people's participation at all levels of the state and society, accountability, capacity development and access to resources. According to the organization's policy, special emphasis is given on women's participation and in building poor people's capacity towards disaster risk reduction and climate resilience. Networking at various levels and policy advocacy are the important areas of WAVE's programme implementation approach. Accordingly, campaign, lobbying and policy advocacy activities have been undertaken jointly with the social organization formed at local level and with the national level platforms. At present, WAVE implements 4 programs in achieving its goal.

Vision: A conducive condition of good governance and sustainable livelihood towards a poverty free just society.

Mission: WAVE Foundation aims to uphold human dignity, equity and accountability through people's active participation, capacity enhancement and access to resources.

Goal: People's empowerment by promoting rights of the poor & marginalized, food security, responsiveness of public services, democratic decentralization & local self government, local governance & local justice, free & fair election, participatory democracy, women-youth-child rights, climate justice, agriculture & livestock development, economic development and employment generation.

Microfinance Program: The most significant aspect in poverty alleviation is to ensure employment for all eligible women/men. Even so, employment opportunities in both formal (government, private, non-government etc.) and informal sectors are not generating accordingly. Though agriculture sector plays a key role in the country's economic growth, as of now, this sector is considered as an informal sector, because it lacks permanent employment opportunity throughout the year. In the context, self-employment generated in different informal sectors including agriculture, small business & enterprise and local transportations become as major support, where capital is the first requirement. In Bangladesh, supply of capital or loan provided by government- private banks and financial institutions in case of informal sector is too little. In this backdrop, collateral free microfinance, a worldwide milestone programme developed by the NGOs of Bangladesh contributes in economic development generating self-employment. In view of that, WAVE implements Microfinance Programme to ensure self-employment through promoting socioeconomic development of poor

and lower-middle class people living in both rural and urban settings. Under this programme, 4 major loan products and 8 sub loan products play important role in agricultural production, livestock development including Black Bengal goat, local transportation, small to large scale business, enterprises and economic development in different sectors of organization working areas. Organization undertakes special projects for the development of extreme poor, biogas project, skill development training for programme participants and technical assistance & medical services for their livestock development. In addition with financial services, WAVE implements activities on health and education services and raising social awareness under this program. Savings and micro insurance is one of the major activities along with loan support. Apart from this, WAVE has been working on cluster based production and value chain development. This program intervention uplifts self employment to formal employment and develops micro entrepreneurs through the development of a significant number of program participants that eventually contribute in our national economy.

*Table-1: WAVE Microfinance at a glance (updated till November 2014)*

Name of the programs	Number of Units	Number of groups			Members		
		Male	Female	Total	Male	Female	Total
1	2	3	4	5 = 3+4	6	7	8 = 6+7
<b>Jagoron Loan</b>	80	26	5,022	5,048	155	62,371	62,526
<b>Agroshor Loan</b>	77	40	10	50	827	5,124	5,951
<b>Buniad Loan</b>	55	-	975	975	-	15,651	15,651
<b>Sufalan Loan</b>	72	41	2,371	2,412	-	1,836	1,836
<b>Rural Micro-credit</b>	71	31	3,785	3,816	218	42,392	42,610
<b>Urban Micro-credit</b>	9	3	433	436	17	5,289	5,306
<b>Micro Enterprise Loan(GOB)</b>	61	41	9	50	666	3,685	4,351
<b>Ultra Poor Loan (UP)</b>	55	-	858	858	-	8,774	8,774
<b>Seasonal Loan</b>	60	35	1,409	1,444	-	-	-
<b>Agriculture Loan</b>	3	-	18	18	-	47	47
<b>LIFT Project</b>	14	-	666	666	-	1,839	1,839
<b>Enrich IGA Loan</b>	2	-	95	95	-	325	325
<b>Enrich Loan (AC)</b>	1	-	17	17	-	-	-
<b>Enrich Loan (LI)</b>	2	-	79	79	-	-	-
<b>Total</b>	<b>80</b>	<b>66</b>	<b>6,290</b>	<b>6,356</b>	<b>1,883</b>	<b>147,333</b>	<b>149,216</b>

## 6. Data analysis and findings:

Field data were collected through a door to door data collection method using the questionnaire. After the data input they were accumulated as a compiled database (see Annex-E) for detail analysis.

Average 20 participants were selected from each of 20 unit offices. Among total 260 respondents only one responded as she did not use the loan for income generating activities (IGA), rest all used the loan for different IGAs.

Since exploring the control of the direct loan receiver (women) was not an easy through a direct question like- do you have control over the IGA that been taken using the loan?- hence it was tried to ask them couple of questions regarding their IGAs (e.g. what is the monthly management cost, income, profit, savings etc.) which only can be answered properly by them if they are directly involved with the IGA.

### 6.1 Use of loan:

Only 01 participant among 260 responded she did not use the loan for income generating activities. It is apparent that loans are mostly being used for income generating activities.

### 6.2 Numbers of IGAs participants are involved:

It was asked to the respondents that how many IGAs they have initiated or involved with. The response was very promising in terms of IGA numbers. 86% of the participants are involved with more than one IGA which enable them to have the scope for a more secured income sources. A promising number of participants also are involved with three, four even five kinds of IGAs (Fig-2).

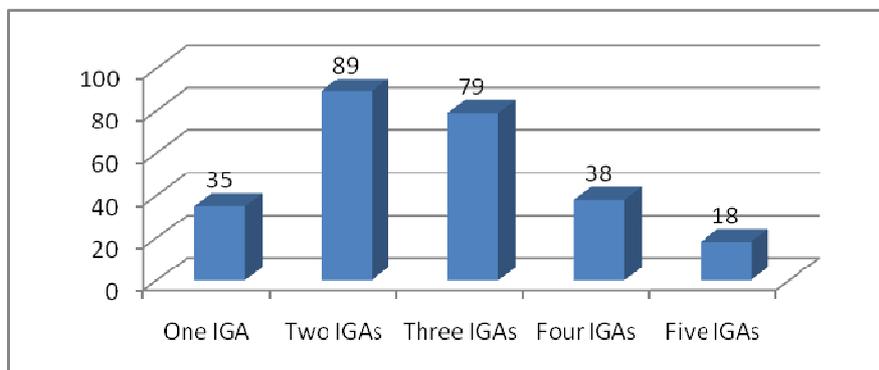


Fig-2: Number of IGAs and participants

### 6.3 Present condition of the IGAs:

As stated before that profit or loss of the participants from IGAs is not the focus of this research, rather their control over the loan use and the resources is. A generalized picture of present condition of their IGAs has been drawn (Fig-3) on the basis of monetary value without analyzing the profits or losses in details.

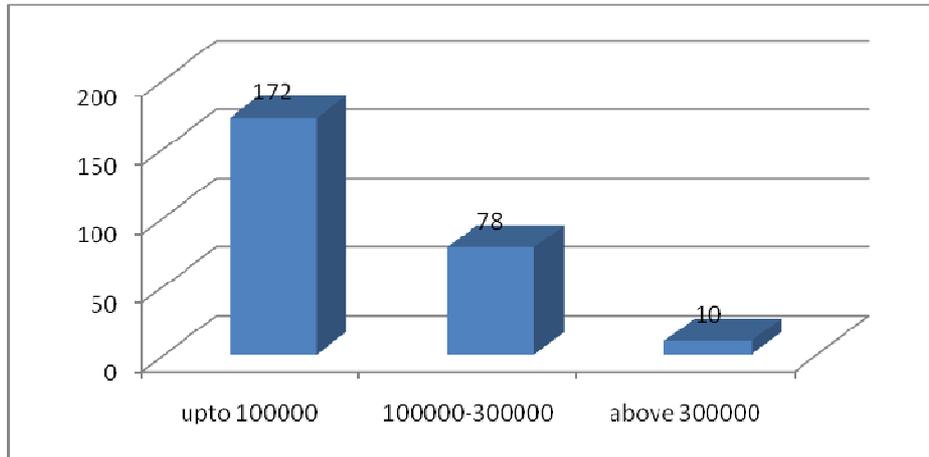


Fig-3: status of IGA in terms of monetary value

### 6.4 Access and control over loan use

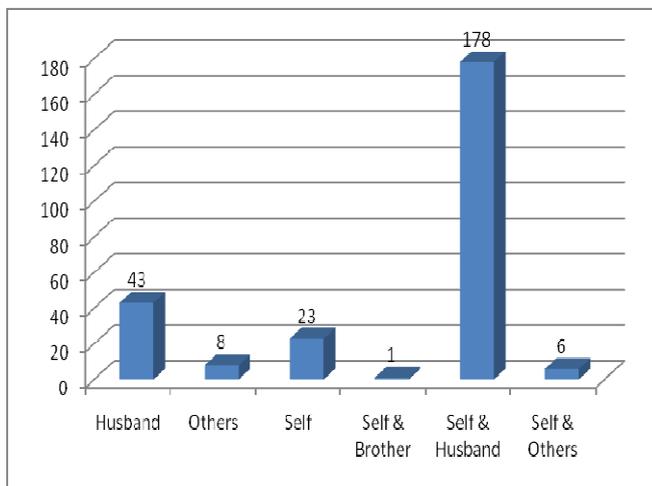


Fig-4: Access and control over IGA

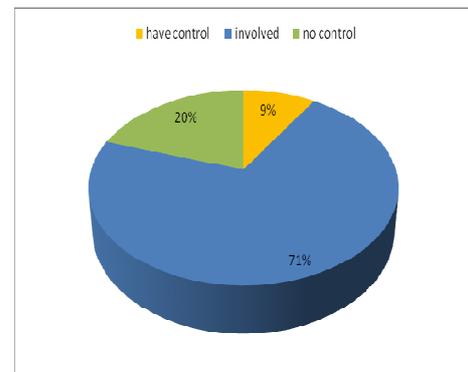


Fig-5: Women % of access and control

Among 259 respondents who is using the loan for different IGAs 51 answered as they have no access or control over the IGA (Fig-4). 23 participants manage the IGAs by herself and rest manage in with husband, brother or others. However if we consider women participation in loan use overall that is 80%. In 20% cases they have no access and control over loan use (Fig-5).

### 6.5 Do the women purchase things on their own? :

A simple query was done to find out if women do purchase on their own or not. They were asked if they bought anything on their own in last six months (Fig-6). 70% of the participants responded that they purchase things on their own while rest 30% does not. Their husband or son or others does the purchasing for them. Among those 70% who responded they purchase on their own, range of their purchasing in monetary value also been considered (Fig-7). As we can see that purchases of the 53% are within the daily household accessories and things. Rest 17% purchased bigger like gold, land etc. in last six months.

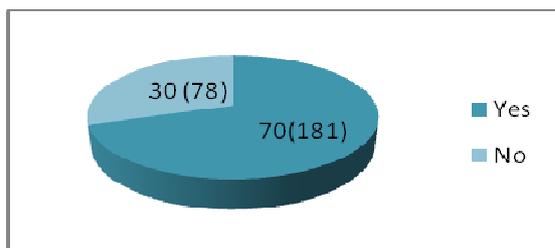


Fig-6: Purchasing status

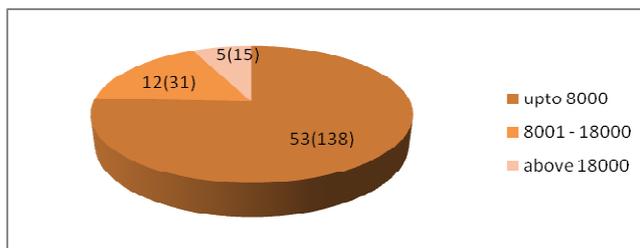


Fig-7: Purchase amount

### 6.6 Access and control over resources

A normal development (economic and livelihood) indicator is if they generated any resources from their IGAs. Around 50% of the respondent mentioned they have generated resources through the IGAs they are running taking microcredit loans (Fig-9). It was observed during the study that many thinks involving women in business is not good idea which was tested by exploring among those created most resources. It was observed among two particular groups those generated three or two resources that how much was the women's direct control over those cases.

The result was really expressive in the sense that in both cases those succeeded to gather most resources women's involvement were eminent. 86% cases women were directly involved in operating those IGAs which resulted as three resource generation (Fig-8). In case of two resource generation the involvement was 79% (Fig-10).

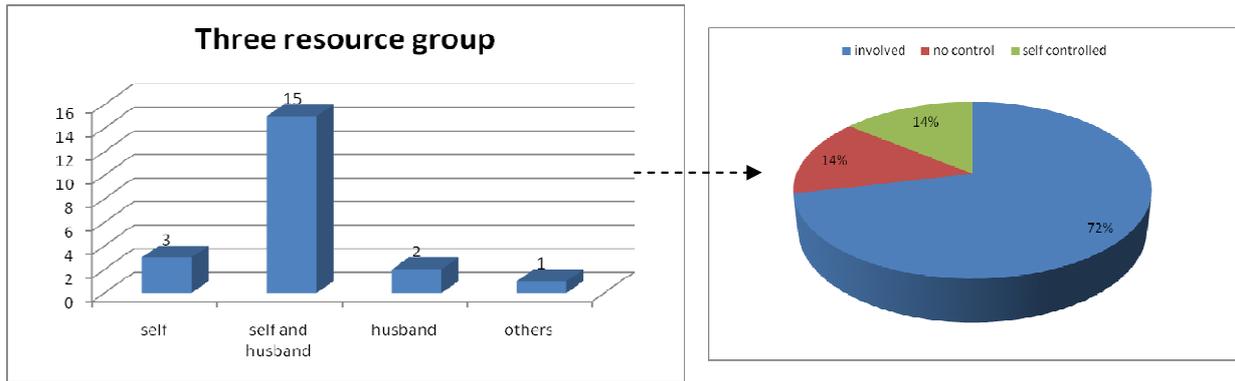


Fig-8: Control over IGA among three resource generating group; (a) on left (b) on right side

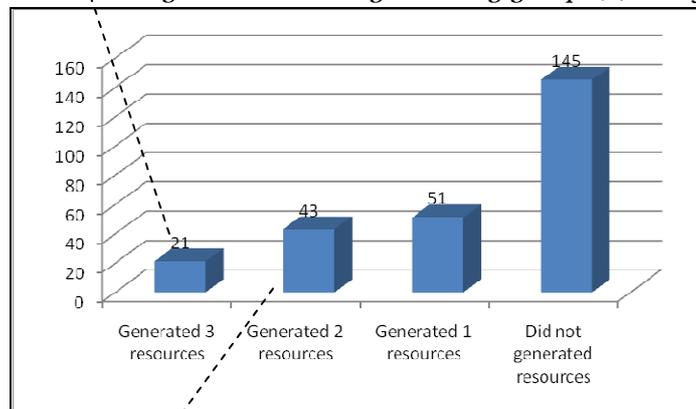


Fig-9: Resource generation status

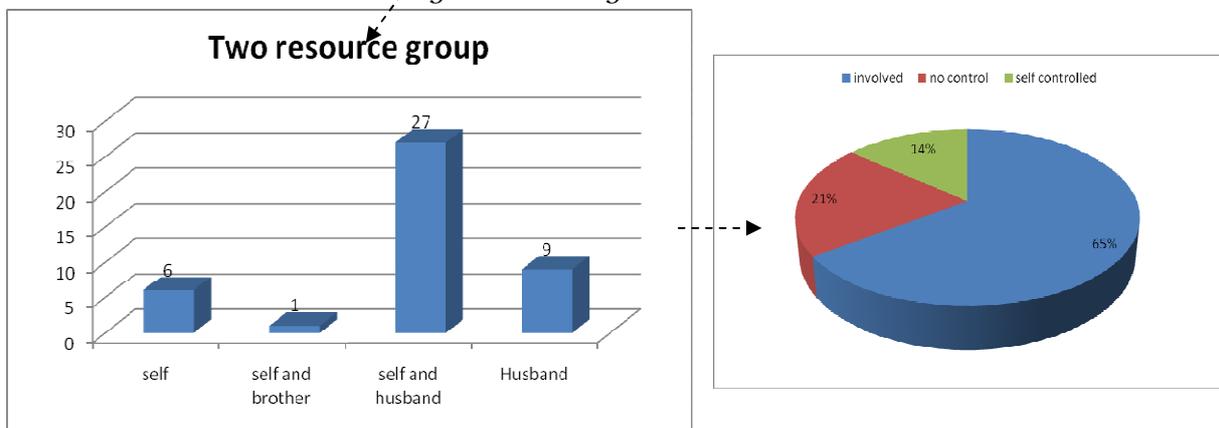


Fig-10: Control over IGA among three resource generating group(a) on left (b) on right side

## 6.6 Total resource generation and ownership status

While resource generation is an effective indicator to measure how much economic development the participants are gaining, however the key question remain who actually own the generated resources. It was found that in the case of resource ownership all the owners

actually was no the participants directly. If we see the Table-1, it shows the total resources generation. The total 200 resources were generated by these 260 participants. In below at the graphs it shows the ownership status of those 200 resources. We can see 60% of those resources were directly owned by the women while 40% were named after their husbands, son and grandson (Fig-11).

Table-2: total resource generation

Total resource generation	Number of participants
3 resource	21
2 resources	64
1 resources	115
<b>Total</b>	<b>200</b>

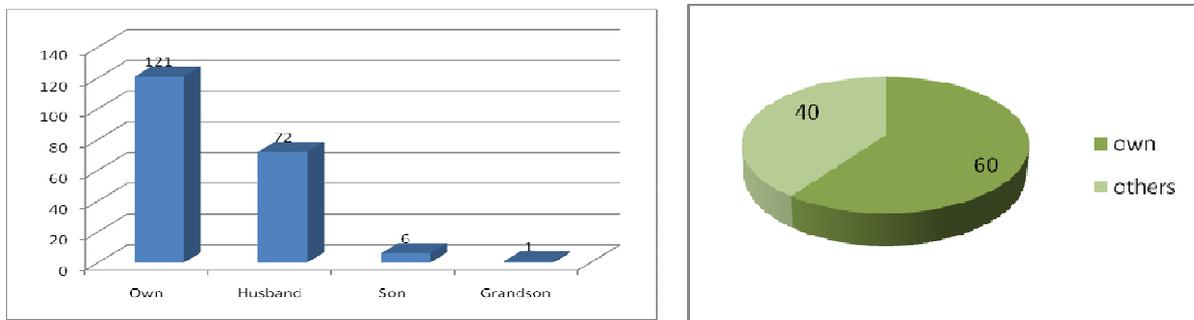


Fig-11: Resource ownership status

The study further explored with the question that among those 60% direct ownership of women what kind of resources included and also what kinds of resources were prominent on that 40%. In a rough crude way 60% still looks quite balanced considering the overall gender equity issue over the country. However, the findings were interesting in terms of surprise.

If we notice the resource variation among the women and man ownership (fig-12 & 14) it is clear that in case of women land, gold, furniture and household products were prioritized. In case of husband's ownership resources land, machineries, vehicles etc, were prioritized. If we consider the value of these resources in terms of monitory value it is clear that husband owned resources are much precised on better value. There is a certain trend is observed that resource kind is a determinent of who will get the ownership of the generated resources.

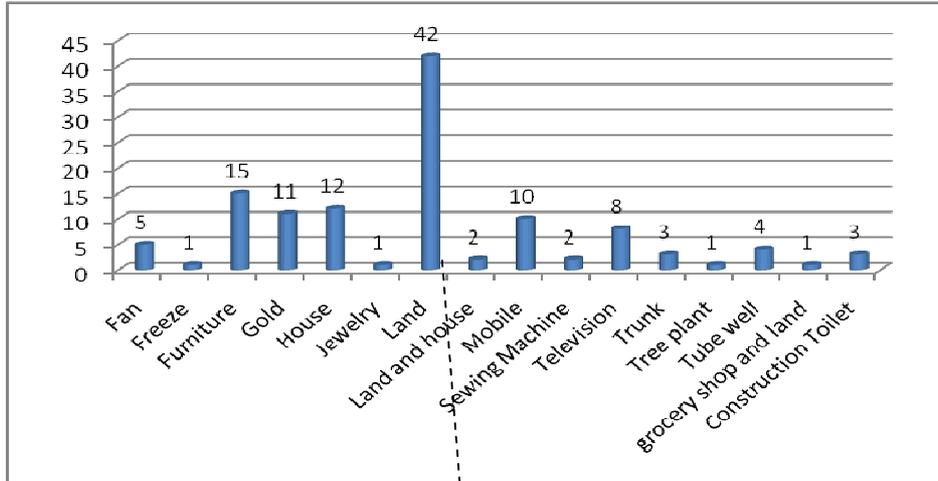


Fig12: Interpretation of the 60% ownership of the women

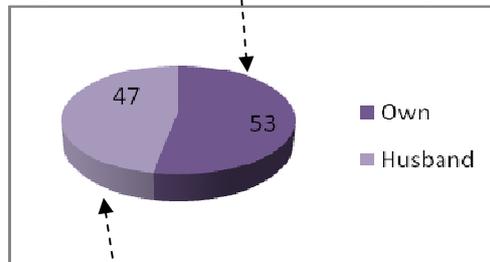


Fig-13: Land resource ownership status

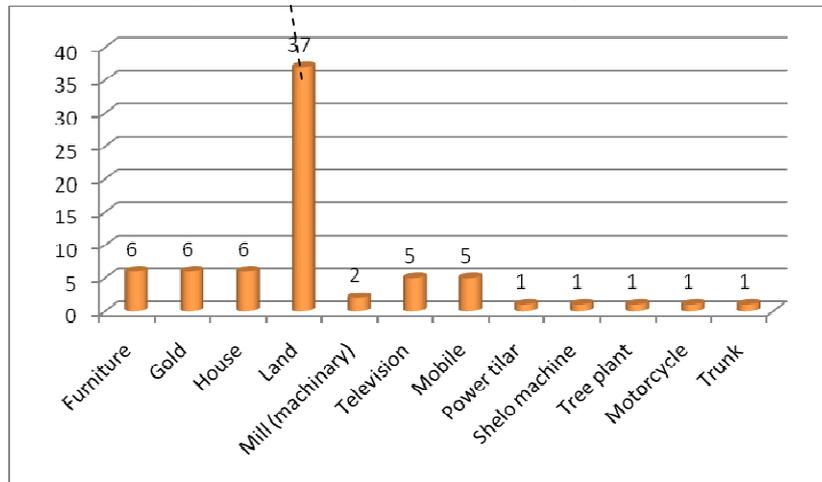


Fig-14: Interpretation of the about 40% ownership of the husband

Among this pattern of resource ownership a further exploration was made to see how a single resource shows the distribution pattern of ownership among women and man. Since land resources are prioritized in both cases, it was taken as example (fig-13). A total number of 70 land resources were generated by this group and among them women has the ownership of

53% and their husband has rest 47%. This is however a very existent scenario what is actually in the field.

### 7. Status of the participants in access and control spectrum

Table-3:

Access & Control Status	Total Points	Narratives of points	Number of participants
Non-existent	0	No control over IGA and no ownership of resources	41
Not good	1	No control over IGA but ownership of one resource	8
Not good	2	No control over IGA but ownership of two resources	2
Promising	3	Only have control over IGA but no ownership of resources or could not generated any resources	140
Good	4	Have control over IGA and ownership of one resources	40
Very Good	5	Have control over IGA and ownership of two resources	22
Very Very Good	6	Have control over IGA and ownership of three resources	7

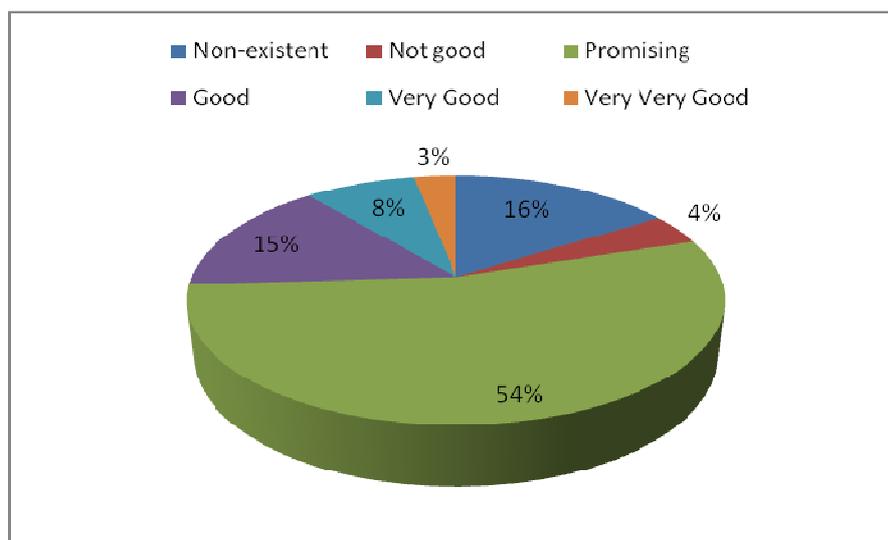


Fig-15: Empowerment status on basis of access and control over loan use and resources

## 8. Summary of findings

Loans are mostly used for income generating activities. Only one person responded as she did not use the loan for IGAs among 260 total respondents. 86% of the respondents are involved with more than one IGA which indicates the positive impression on the loan use in terms of economy.

50% of the participants generated resources through IGA. In 80 % cases women are directly involved with loan use (IGA). Those who generated three resources in 86% cases women are directly involved. 79% cases women are directly involved those generated two resources. Apparently those are most successful IGA initiatives which involved women as direct manager.

70% of the women responded as they purchase on their own while rest 30% does not. They mainly buy the regular things for family and sometimes resources too.

In the case of resource ownership, all the resources were supposed to be owned by these women because they are the one who took the loan. However, it was found that in 60% of cases women owned the resources generated. Rest 40% is owned by their husband, son, and grandson. 60% of that ownership of women also varies in terms of resources with the 40% of the others. In case of women land, gold, furniture and household products were prioritized. In case of husband's ownership resources land, machineries, vehicles etc, were prioritized. However in the land ownership this ratio is 53% (women) and 47% (husband).

As the access and control spectrum says that in 16% of cases no control over loan use or resources. Which exist below of the bar. Another 4% cases has very low existent of access and control over loan use and resources. Mainly they own small valued resources like cell-phone and furniture etc. without any control over the loan use.

54% cases showing promising notion on the access and control spectrum. These are mainly who has access and control over loan use but did not generated any resource.

15% of the women are in good category in the spectrum which denotes they control the loan use and also own at least one resource. 8% of the cases were found in very good phase which includes control over loan use and ownership of two resources. 3 % of the women were found to have total access and control over loan use and resources.

## 9. Conclusion

This was a much generalized analysis of relation between microcredit and women empowerment focusing on only one indicator 'access and control over loan use and resources'. It evident that still much to improve on the access and control indicator of empowerment. But results also show somehow we are on track to do better. A more in-depth study needed including other indicators of empowerment so that we get the whole picture of the women empowerment scenario those are involved in microcredit.

## Reference

- Bastiaensen J., (2009) "Microfinance and social impact: a tentative review", Institute of Development Policy and Management, University of Antwerp, Belgium.
- Daley-Harris S., (2007) "State of the Microcredit Summit Campaign Report 2007" <http://www.microcreditsummit.org/pubs/reports/socr/EngSOCCR2007.pdf> (Last consulted: May 15, 2009).
- Gertler P., Levine D.I. and Moretti E., (2008) "Do Microfinance Programs Helps Families Insure Consumption against Illness?" *Health Economics*, John Wiley & Sons Ltd., Vol. 18(3), pp. 257-273.
- Goetz S. M., & Sen Gupta R., (1996) "Who Takes the Credit? Gender, Power and Control over Loan Use in Rural Credit Programs in Bangladesh", *World Development*, Vol. 24,
- Habib, Mohshin and Christine Jubb (2012). "Role of Microfinance in Political Empowerment of Women: Bangladesh Experience", *OIDA International Journal of Sustainable Development*, Vol. 5, No. 5, pp. 99-110.
- Hulme D., (2000) "Impact Assessment of Methodologies for Microfinance: Theory, Experience and Better Practice", *World Development* Vol. 28, No. 1, pp. 7-998.
- Julia C.K., Charlotte H. W., James R. H., Luceth X. N., Godfrey P., Linda, A. M., Joanna D. H. P. and Paul P., (2007) "Understanding the Impact of a Microfinance-Based Intervention on Women's Empowerment and the Reduction of Intimate Partner Violence in South Africa", *American Journal of Public Health*, October 2007, Vol. 97, No. 10.
- Kabeer N., (2001) "Conflicts over Credit: Re-Evaluating the Empowerment Potential of Loans to Women in Rural Bangladesh" *World Development*, Vol. 29., No. 1, pp. 63-84.
- Keller B. and D.C. Mbwewe. 1991. "Policy and planning for the empowerment of Zambia's women farmers." *Canadian Journal of Development Studies* 12(1):75-88 [as cited in Rowlands, Jo. 1995. "Empowerment examined." *Development in Practice* 5(2):101-107].
- Khandker, S. R., Samad, H. A. and Khan, Z. H., (1998) "Income and Employment Effects of Micro-credit Programs: Village Level Evidence from Bangladesh", *The Journal of Development Studies*, Vol. 35, No. 2, pp. 96-124.
- Mahmud S., (2003) "Actually how Empowering is Microcredit?" *Development and Change*, Vol. 34(4), pp. 577-605.
- Rahman A., (1999) "Microcredit Initiatives for Equitable and Sustainable Development: Who Pays?" *World Development*, Vol. 27, No. 1, pp. 67-82.
- Schuler S.R. and Hashemi S. M., (1994) "Credit Programs, Women's Empowerment and Contraceptive use in Rural Bangladesh", *Studies in Family Planning*, Vol. 25, No. 02 (March-April), pp. 65-76.

---

<sup>i</sup> *Stratified random sampling: Stratification is the process of dividing members of the population into homogeneous subgroups before sampling. The strata should be mutually exclusive: every element in the population must be assigned to only one stratum. The strata should also be collectively exhaustive: no population element can be excluded. Then simple random sampling or systematic sampling is applied within each stratum. This often improves the representativeness of the sample by reducing sampling error.]*