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**Promoting Female Empowerment and Human
Development through Microcredit:
Field Study with NGOs in Peru**

Minor Field Study, SIDA

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Abstract

This paper discusses the use of microcredit as a poverty alleviation strategy that may simultaneously be used to promote women's empowerment. The study is based on social anthropological fieldwork conducted in cooperation with microfinance NGOs in marginalized settings in Peru. The data points to the benefits of NGOs management of microcredit programs, in comparison to traditional bank's microcredit provision, in their personalized interaction with poor customers, giving them support with social issues outside the economic framework. Ultimately, those female microcredit customers that succeed in the program have increased their incomes and improved their individual capabilities or agency, enhancing their own empowerment.

Keywords: microcredit; women; empowerment; development; NGO; Peru

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Contents

1. Introduction	4
1.1 Peru: sociopolitical context.....	4
1.2 Statement of purpose and research questions.....	6
1.3 Disposition.....	6
2. Theoretical Background	8
2.1 Ideology: justifying empowerment through microcredit.....	8
2.2 Theory of microfinance, gender and empowerment.....	10
3. Methodology	15
3.1 Qualitative method.....	15
3.2 Choice of location, institutional framework (NGOs) and participants.....	17
3.3 Practical limitations.....	19
3.3.1 Political climate.....	19
4. Data and Discussion: income gains and empowerment	20
4.1 Lima: marginalized urbanizations in the capital's extremities.....	20
4.1.1 Southern cone interviews.....	21
4.1.2 Northern cone interviews.....	24
4.1.3 Staff interviews.....	25
4.2 The Cusco region: marginalized urbanizations in rural areas of southern Peru.....	28
4.2.1 Interviews in Urcos.....	29
4.2.2 Interviews in Anta.....	31
5. Conclusion	34
5.1 Microcredit programs: NGOs vs. Banks.....	34
5.2 Empowerment and Human Development.....	35
6. List of References	37

1. Introduction

1.1 Peru: sociocultural context

Over the last couple of decades, Peru has experienced a significantly volatile economic environment. Apart from the direct effects of financial crises and economic difficulties that tend to hit the poorest part of the population hardest, these volatilities have discouraged private investment, further hampering access to employment and credit. In this context, it becomes clear how possibilities for reducing poverty have had to be constructed at the local level and microcredit has been one tool for achieving that aim.

In spite of such negative economic circumstances, Peru managed to turn the trend around in recent years, lifting itself out its financial distress and improving both economic and social aspects of society. The World Bank (2007) asserts that Peru now “has a singular opportunity make a qualitative leap, to leave the years of volatility behind, and set out along a path of shared economic growth, which will bring the social and economic benefits that other countries have obtained in recent decades.” Indeed, Peru has achieved an economic growth in excess of 5% for more than 5 years in a row, stabilized their exchange rate and kept inflation at a low level (Ibid).

Nonetheless, Peru still faces significant social challenges posed by high levels of poverty and inequality. The World Bank’s poverty assessment report (2005) on Peru revealed that over half of Peru’s population was poor and about a fifth of the people were living in extreme poverty. The report also underlines how social exclusion continues to be a problem for many Peruvians, indicating that economic reforms need to be coupled with measures to promote human capital and access to public services by the poor in order to increase “equity in economic opportunity” (Ibid).

I strongly believe in promoting development “from below”- focusing on how individuals can lift themselves out of their poverty. Consequently, I am a proponent of development strategies that help to provide equal opportunities for all, creating an environment that is conducive to positive change for the

individual. These ideas can be related to Muhammad Yunus views as portrayed in “Creating a World Without Poverty” (Yunus and Weber 2007) and the *freedom and capabilities* approach provided by Amartya Sen in his “Development as Freedom” (2001). I believe that microfinance for the poor, specifically in the provision of microcredit loans, fits into such a strategy that aims to provide circumstances in which people are enabled an opportunity to change their own situation in life.

Microcredit refers to the provision of small loans to unemployed and/or poor people, such as indigenous entrepreneurs. This form of financing is unique as it removes traditional prerequisites for attaining a loan that normal financial institutions demand. These prerequisites refer to steady employment, verifiable credit history and collateral security. Almost all people living in poverty lack these instruments, especially the last two. Even those that are fortunate enough to own some form of physical capital, for example a house, are often deprived of the possibilities that using such capital as collateral can provide, because legal entitlements and formal property rights are difficult or impossible to attain.

As this form of poverty reduction strategy began to take root some three decades ago many were skeptical toward its potential. Nonetheless, microfinance has grown significantly in the years to follow and is now generally accepted as a useful tool in fighting poverty. Its success is certainly legitimized by the fact that the United Nations proclaimed a (2005) “Year of International Microcredit” and Muhammad Yunus and his Grameen Bank subsequently were awarded the Nobel Peace Prize in 2006 for their achievements in reducing poverty through microfinance projects.

According to estimates produced in 1999, microenterprise provides 70% of Peru’s total employment and account for about 40% of the country’s gross national product (Dunn, 1999). “An index called Microscope on the Microfinance Business Environment in Latin America and the Caribbean, carried out by the Economist Intelligence Unit – a specialised service of the British magazine The Economist – and commissioned by the IDB and the Andean Development Corporation, ranked Peru at the top of the list in 2008, pushing aside Bolivia” (Rosales, 2009). Simultaenously, however, a shocking 55% of Peru’s

population lack access to financial services (Sanz, 2008). This situation clearly provides room for improvement, and in such a context it seems highly relevant to examine the social outcomes that can be attributed to microcredit utilization among the poor people of Peru.

1.2 Statement of Purpose and Research Questions

The aim is to investigate to what extent microcredit access has improved the quality of life for poor clients in marginalized areas in Peru, with a specific focus on whether participation in these projects has facilitated personal empowerment for the women that make up the wide majority of these microcredit customers. A parallel research focus that emerged through the fieldwork study has been to examine how NGOs' work with microcredit has had an impact on customers' project prosperity and personal empowerment; in part as a comparison against standard bank operations with microcredit. My research questions can thus formally be expressed as following:

- A) What impact does microcredit provision have on the life of female clients in terms of empowerment and quality of life?
- B) How does provision of microcredit by NGO's have an impact on the outcome of customers' projects (A), and how does this differ from a standard retail bank in the context?

The fieldwork is presented and an attempt to answer these questions throughout the thesis is made in a scientifically logical manner as described ahead.

1.3 Disposition

Not in spite of the sociological research methodology employed, the layout of this thesis follows the standard scientific method. This introduction is followed by a presentation of the theoretical framework, giving a background of relevant

development theories in microfinance and gender empowerment, as well as a personal perspective on the choice and justification of this subject matter. Thereafter, the methodology used throughout the fieldwork and in the overall research and analysis is detailed. This includes the choice of geographical framework, the type of research method and the scope of the study including its limitations. Next follows a section describing the data collected in the field through interviews and meetings with the primary subjects of the study, as well as with secondary sources of information. A discussion of this information is included in this section with an aim toward analyzing the data for theoretical meaning and possible practical improvements. The analysis and conclusion address the core of the study by attempting to answer the research questions posed in the beginning. That entails assessing the potential link between microcredit as a constant and standard of living and female empowerment as dynamic variables; this is complemented with a view of how the microcredit provider, as an NGO in contrast to a bank, has an impact on the success of clients' projects and the potential human development that ensues. Finally, some concluding remarks are formulated and possible policy improvements are suggested with a view to the initial research questions and the results drawn from the study as a whole. Hopefully, the implications presented will illuminate the reader and stimulate further discussion on the subject in the future.

2. Theoretical Background

“Microfinance today is about drawing the benefits of contemporary capitalism down to those with low incomes rather than promoting alternatives to capitalism.” (Hulme & Arun, 2009:1)

2.1 Ideology: justifying empowerment through microcredit

This subject matter of microcredit and its relation to female empowerment was chosen quite purposefully, taking into consideration its compatibility with different contemporary development paradigms. The aim has been to find a subject area, that in turn translates into policy research and practical application, which could be justified through different ideological perspectives. This seems appropriate within an interdisciplinary subject and a topic with multidisciplinary background, as concerns the use of economic strategies to tackle social problems of poverty and gender empowerment. Furthermore, as proven by Mr. Yunus and the beginning of the Grameen Bank, microcredit provision can be undertaken and studied independently without necessary political support or theory, even if it often becomes a relevant factor and will be addressed to that extent. The argument is that microcredit can be justified from different, and often opposing, theoretical development perspectives.

Most apparent, perhaps, is how microfinance falls into a liberal economic development strategy that addresses welfare by satisfying the basic notion of lack of money: providing personal income and enhancing economic growth. This is related to the fact that poor people generally are prevented from accessing capital because they are not ‘creditworthy.’ Hulme & Arun (2009:7) describe the mission of microfinance institutions as being based on the fundamental assumption that “the poor possess the capacity to implement income-generating activities but are limited by lack of access to and inadequate provision of savings, credit and insurance facilities.” Although a problem generated in itself by the capitalist system, it is also one that can be solved with tools within the same system, as

microfinance shows. Apart from addressing issues of food and shelter, personal income will also improve the possibilities for future welfare in the household as part of this money is invested in education for the children. As pertains to economic growth, in as far as income-generating activities are promoted in the formal sector, this will promote overall economic growth and increase government income that is hopefully also spent on public welfare. This scenario is of course heavily dependent on functional market mechanisms and a reliable, reformist government. In the Peruvian case at hand it is at least plausible; as mentioned earlier, microenterprise has been responsible for about 40% of the country's gross national product (Dunn, 1999), and Alan García's return to presidency has been characterized by *better* transparency and welfare priorities than his previous round in the 1990's, although there is certainly room for improvement.

Secondly, microcredit strategies also pay attention to gender in development. According to the feminist empowerment paradigm, individual power is emphasized and women's empowerment is seen as following:

“a process of promoting individual internal change (power within), increasing capacities (power to) and the collective mobilization of women and, where possible, of men (power with) to challenge and change gender subordination (power over). Here it is assumed not only that women have common gender interests and will wish to address these if given sufficient support, but also that micro-finance is a useful entry point to this process.” (Mayoux, 2008:239)

The fact that women make up an overwhelming majority of microcredit lenders already confirms the underlying vision of promoting gender equality in a society that is otherwise strongly male-dominated. Further, sometimes indirect, aspects of microfinance that aim to empower women and change the definition of their role in the family and in society will be made apparent in the subsequent analysis.

Finally, microcredit poverty alleviation strategies also address individual humanitarian issues that tend to make up the foundation of social development theory, such as basic needs and post-development doctrines. Continuing to follow Amartya Sen's capabilities approach, this aims toward the somewhat typical notion of helping someone to help themselves, or allowing the poor to lift

themselves out of their own poverty. “Within the poverty-alleviation paradigm increasing women’s access to micro-finance is seen as increasing their status in the household and community, leading to greater confidence, a share of consumption expenditure and a role in household decision-making.” (Ibid)

2.2 Theory of microfinance, gender and empowerment

“Simply being willing to extend credit to the poor was a revolutionary step in terms of conventional economic thinking. It meant ignoring the traditional belief that loans cannot be made without collateral. This assumption, which the vast majority of bankers hold without analyzing it, questioning it, or even thinking about it, in effect writes off half the human race as being unworthy to participate in the financial system.” (Yunus & Weber, 2007:52)

There is much reference to ‘the poverty trap’ in alternative development theories as well as modern development discourse (see for ex. Sachs, 2005). Whether in relation to dependency theory and Western exploitation of the South by ‘free’ trade or the more classical views of development theory, a fundamental perspective often protrudes to indicate how poor people are stuck in their misery because they are denied access to the necessary tools for combating their poverty.

In the current economic climate, that implies the appropriate tools for gaining access to the capitalist market system. Cowen and Shenton (1996) discuss the genesis of development theory and its evolution parallel to the growth of capitalism, arguing that values of development theory are separated from the application of development theory because of capitalism (1996: 440-1). In our modern environment access to capital is the stepping stone necessary to become a legitimate actor in the economic system. Poor people are hindered from accessing this necessary capital because they do not possess any collateral that the traditional banking system requires in order to provide a loan. In the same sense, poor people are generally not able to access insurance, even if they could afford it, because their homes are not legitimized in the public registry. This relates to Hernando de Soto’s (2000) pioneering theories on how the poverty trap is

perpetuated because governments do not provide the poor with legal ownership of their belongings, such as home or land, which would involve providing the necessary documentation of such collateral to access a loan or other financial services.

It is in this grey area that microfinance institutions (MFIs) come in to provide access to loans without traditional collateral, such that poor people who lack this opportunity to take part of the capitalist system are enabled entry to the market. Microfinance institution's (MFI) basic commitment is thus to serve people that have been excluded from the formal banking system, "based on the assumption that the poor possess the capacity to implement income-generating activities but are limited by lack of access to and inadequate provision of savings, credit and insurance facilities" (Arun, Hulme, Matin & Rutherford, 2009:7).

How, then, does empowerment and the role of women in development relate to microcredit programs? To begin with, it seems appropriate to address the theoretical framework of feminist ideologies in development studies. These movements began their formation in the 1970's; not necessarily in any correlation with, but interestingly, in parallel with the beginning of microfinance programs. As this theme is not at the focus the study, only a very short overview will be presented to provide the reader with an insight into how these theories relate to female empowerment.

The first movement in this category was that of 'Women in Development' (WID). The WID ideology basically rested on aim of fully integrating women into the development agenda and process. "The progressive, liberal idea was to increase women's participation and improve their share in resources, employment, and income in an attempt to effect dramatic improvements in living conditions" (Peet & Hartwick, 2009:255). In many aspects, WID is based on modernization theory and this gives rise to much of the criticism that the ideology has received, as critics assert that it is the modernization process itself that has led to women's inferior position in modern society. Further, WID was seen as too much of a liberal feminist agenda, ignoring or at least not confronting the issue of male oppression over women and instead choosing to focus on the female productive force (Ibid: 257-259).

The next feminist ideology that emerged was named ‘Women and Development’ (WAD). This was more of a socialist political movement, influenced by dependency theory and neo-Marxist approaches to underdevelopment. Here focus was placed on the relationship between men and women, rather than on the characteristics of women that were central to WID. However, when it came to practical application of these theories, implementation failed under the criticism that WAD, like WID, created a generalization of women as a homogeneous group and did not take into consideration such important differences as race, class or ethnicity (Ibid: 266), which ultimately led to the undermining of this paradigm’s impact on development practice.

Finally, the third and most contemporary theoretical framework that emerged with new ambitions to improve women’s involvement in the development process is that of ‘Gender and Development’ (GAD). This movement asserted that the role of women in society had to be recognized through an emphasis on its connection to gender relations, “and this perspective became a way of looking at the structures and processes giving rise to women’s disadvantaged position, which was a function too of the globally pervasive ideology of male superiority—men had power and control over women” (Ibid: 267-8).

There are further areas that theorize the role of women in relationship to the environment and postmodernism, but it is enough to understand the mentioned, principal ideologies that have been presented here in order to understand their influence on aspects of female empowerment in relation to microcredit programs. Caroline Moser defined empowerment through a focus on self-reliance and internal strength, arguing that it should best be described as the ability “to determine choices in life and to influence the direction of change, through the ability to gain control over crucial material and non-material resources” (Moser, 1993: 74-5, *in* Parpart, 2008: 356). We shall soon see how microcredit projects help women to gain such control over material resources and, in turn, improve conditions for attaining non-material wealth.

The point here is not to defend feminist theory or to critically generalize male behavior, on the contrary, to attempt to explain why women have such a

prominent position in the microfinance world. By observing their customers the Grameen Bank realized that women were not only more financially reliable, but also more productive and conducive to a developmental ripple effect. As described by ‘the banker to the poor,’ Professor Muhammad Yunus, “When men make money, they tend to spend it on themselves, but when women make money, they bring benefits to the whole family, particularly the children. Thus, lending to women creates a cascading effect that brings social benefits as well as economic benefits to the whole family and ultimately to the entire community.” (Yunus & Weber, 2007:55). By increasing spending on aspects such as improved nutrition, sanitation, healthcare and education for the children (Islam, 2007:11), this perspective is reinforced by the concept of strengthening human capital through women’s propensity for spending money on the future and well-being of the family.

Finally, an introduction to the theoretical structure of microcredit programs shall be given. This will be based on the Grameen Model, as it is the most common and internationally justified framework for microcredit programs, including that of the NGOs studied herein, and because the ideas of its founder, Yunus, has inspired much of this study. According to Jain and Moore (2003), the Grameen Model is an organizational and policy blueprint for microcredit programs that consists of three main elements: social collateral, borrower participation and absence of interest rate subsidies. The social collateral aspect refers to the system of small group organizations that members themselves construct, with the purpose of only introducing responsible borrowers (as the borrowers choose members they know and trust) and making the group as a whole responsible for repayment of all individual loans. This creates a form of positive group pressure and raises the incentive for each borrower to take good care of their loan, so as to not burden the rest with a potential default. The aspect of borrower participation refers to the involvement of borrowers in organizational policy-making, helping to address the needs and circumstances of the customers involved. Lastly, the issue regarding absence of interest rate subsidy refers to established best-practice routines which have demonstrated that interest rates should be paid by borrowers, despite the welfare intentionality of such

programs. The reasons for this include borrowers actually only asking for loan quantities that they expect to be able to repay, the discouragement of (relatively) wealthier individuals taking advantage of these programs aimed toward the poorest of society, as well as discouraging management of these programs to expand operations (outside reasonable limits) in order to attain more subsidies and the potential patronage or rent-seeking that may be involved (Jain & Moore, 2003:7). These guidelines make up a generally accepted model of microfinance operation, but there are also other ‘blueprints’ that are employed by alternate big and small MFIs. They are simply a set of regulatory principles to which MFIs should adhere in order to improve their chances of a healthy organization and successful project portfolio (and by requirement from certain donors for receiving financial assistance).

3. Methodology

3.1 Qualitative method

The fieldwork that lays the foundation for this thesis was conducted with a qualitative method and may be classified as a social anthropological study. The focus of data collection was primarily on direct interviews female microcredit customers and secondarily on interviews with NGO staff in charge of providing the mentioned microcredit and, as such, the direct link between funding and project supervision. It is indeed a field study that is concerned with applied research, hoping to create an analytical framework that may influence practice in development cooperation. In reference to the research typologies outlined by Davies (*in* Sumner & Tribe, 2008:101), this study makes use of a descriptive analytical research method. According to Mikkelsen's (2005:125-6) types of research questions the approach of this thesis can be classified as an *interpretative* study that aims to analyze how microcredit use is related to personal empowerment, with a positivist perspective that looks at how power *is* distributed in the concerned environments and how these power relationships are transformed by the use of microcredit (as provided by an NGO).

It is a case study that, in entering the field, draws on phenomenology in the interpretation of the subjects' own experiences, but may rather be identified with the somewhat reversed research strategy proposed by grounded theory construction. Interviews were not recorded to avoid making the respondent uncomfortable, and instead noted down from recollection subsequently. As earlier mentioned, the field study was initiated with an open mind, trying to avoid preconceptions or bias and letting the research form the hypothesis. Hence, there was no formal interview guide and questions were posed intuitively, only attempting to lead interviewees toward the subject area. This means that the process of data collection and what the interviewees themselves made to be significant shaped the objective of the study. Following Renata Tesch's description of this grounded theory construction: "While the researcher suspended

all prior theoretical notions, data relevant to a particular sociological problem area would be collected, and then inspected to discover whether any theory or at least hypothesis could be developed directly from the patterns found in the data” (1990:23). That does, however, not imply a disregard for the preliminary formation of the study’s purpose; the aim of the fieldwork was carefully considered, if not least to make efficient use of the limited time available in the field.

As regards the disciplinary foundation and its epistemological implications for the perspective employed in the research and presentation of this field-study, my graduate education is based in the field of economics while my postgraduate studies are more influenced by the social sciences that intertwine to form the subject of development studies. This is indeed a cross-cultural field and my view is that, as such, it is only fruitful to bring in - or rather bring together - the experience and knowledge from different disciplines. Sumner and Tribe (2008:71-75) address this topic of methodological approach with a view that tends to suggest that economists and social scientists have different ‘mind-paths’ that do not mix well together, although providing important information in their own ways. Hulme and Toyne (2006: 1095-1097) go as far in this context as to suggest that economists are better at interacting with powerful people to get agenda approved, while social scientists are uncomfortable in that scenario and tend to mix better with the “less powerful and even the powerless and marginalized...”. And that “Cross-disciplinary research would be suspected of lack of rigour if its practice required participants to abandon conceptual and methodological standards that their knowledge communities had previously regarded as essential”. I find this view to be quite counter-productive and incompatible with the development paradigm, which is fundamentally based on the notion of all individuals being different and not passing loose, judgmental generalizations on groups of people. On the contrary, I hope to use my knowledge in economic theory to further my insight into the analysis in this development study, in combination with academic experience from different social sciences and the field research that I have conducted with a basis in anthropological methodology. I believe the use of different disciplinary methods and tools reinforces the

legitimacy of my research and analysis rather than refuting my results on the basis that they have been construed with an open mind. It is arguably necessary to break such barriers of academic pride and stop internal quarrels when there may in fact be no ‘absolute truth’ to establish, but rather to innovate and improve on all possible measures that aim to end poverty- a tragic human condition that needs to be met by any discipline’s strategies that prove to be valuable instruments in this crucial welfare project.

3.2 Choice of location, institutional framework (NGOs) and participants

As concerns reasons for the choice of Peru as the wider field of interest, this is due to previous personal experience and expertise within the Latin American context, as well as the sociocultural setting in the country as described previously in the introduction. More specifically, locations of interest for actual interviews were selected in order to target the marginalized urban areas of the capital, Lima, as well as poverty-stricken areas in rural settings among the mountainous Andean region that surrounds Cusco to the south of Peru. In the urban settings of Lima this came to include the poor suburbs of San Juan de Miraflores, Villa Maria del Triunfo, Independencia and Comas. In the other set of interviews conducted in rural areas around Cuzco, the fieldwork was set in Urcos and Anta, including individual remote locations in the surrounding countryside.

The selection of NGOs to cooperate with in gaining access to microcredit customers was in fact not an actively prepared choice, but rather one that emerged through the fieldwork itself, in accordance with grounded theory and the intended framework of the study. The procedure of finding reliable NGOs that could facilitate contact with the focal subjects of the study involved a process of meetings with representatives from established, respectable organizations, most of which were familiar at the outset of the project. These included the Swedish Consulate and the Swedish International Development Agency (SIDA), Diakonia, the United Nations, Svalorna and the Stromme Foundation. Through these sources contact was eventually established with the two NGOs that were chosen as

participatory links in the study, namely the Swiss based ECLOF Peru (Ecumenical Microfinance for Human Development) and locally based MIDE (*Microcredito para el Desarrollo*, i.e. Microcredit for Development). These were chosen to neutralize bias related to having a relatively secure international sponsor (ECLOF), although entirely comprised by local staff and autonomous local strategy, as well as a comparison in the ever so often religiously funded institutions in development practice (again, in the case of ECLOF, as compared to MIDE). Finally, the main reason for cooperating with these NGOs was the pragmatic fact that they were entirely engaged with administering micro-loans to customers (primarily women) and directly supervising their projects. This may appear to be an obvious statement, but the fact is that in the microfinance world the majority of larger organizations are not personally involved in drafting, meeting and supervising clients, but rather occupied with strategical planning or procuring funds for other local institutions (as those described) to administer. Apart from these aspects, the NGOs came recommended by reliable sources and were more than hospitable in allowing access to their staff, operations and, of course, their customers that make up the central agents in this study.

As regards the choice of participants, these were of course within the framework of the previously mentioned NGOs. But apart from that, it could be said that interview subjects were chosen without any previous knowledge of them, except for the prerequisite that they be women (except for one interview purposely conducted with a male customer in order to at least have a comparative view and attempt to neutralize gender bias to some extent). Nonetheless, it should be taken into consideration that, apart from the disclosed simple matter of availability of customers, the NGOs may have sought to introduce me to their more long-standing and successful clients. Yet it must be observed that there was a wide disparity in income, family status, type of entrepreneurship and project success among the interviewed subjects- indicating a reasonably objective choice of sample. Also, some of the interviews were conducted with customers to the NGO(s) that were encountered at random on the street between other planned encounters.

3.3 Practical limitations

This thesis is based on a Minor Field Study scholarship from SIDA, awarded through the School of Social Work at Lund University. That implies substantial preparations for the fieldwork, but a relatively limited scope of access to the field, primarily as concerns the time period, because of financial restraints and university requirements. The timeframe available for fieldwork in this study was 7 weeks and the subject sample is therefore limited to 28 customer interviewees and 9 staff interviewees. A further ambition was to be able to have interviews with bank staff as well, but was constrained by the limitations described above and is more applicable as a recommendation for further research. Nonetheless the field study fulfills its purpose and has provided a world of knowledge that would be far from accessible in a static home environment, as well as providing experience and training in conducting fieldwork. Focus has been placed on accessing reliable informants and attempting to establish a trusting connection in order to retrieve information that is as reliable and useful as possible, despite having limited time for interaction with the subjects. The sample is in any case appropriate for this study and the data collected is highly relevant.

3.3.1 Political climate

A third location of study was also planned into this fieldwork, specifically with an indigenous Aymara group in the vicinity of Lake Titicaca. Unfortunately, and despite literally life-threatening attempts, this part of the plan was hindered by violent civilian uprisings in demonstration against government privatization projects in various areas of the country and in relation to different types of projects, but mainly nationalization of natural resources such as waterways or rainforest. The circumstances of this political unrest are not of essence to the study; suffice to say the relevant, that a planned third geographical and ethnic area of the sample was lost due to these unforeseen events. It may be argued that this weakens the robustness of the results, but in this context it has not changed the validity of the data nor the significance of the conclusions that can be drawn.

4. Data and Discussion: income gains and empowerment

The data that makes up the foundation of this study is comprised of 28 personal interviews with microcredit customers in marginalized settings in Peru. The majority of these interviews were conducted individually with the borrower in question, but one group interview was also conducted as a form of focus group, including observation of their periodical loan-renegotiation meeting with their supervisor at the NGO. Generally, either the head of the NGO or the staff member (referred to as ‘analyst’) that was in charge of the individual’s loans would introduce me or at least be present while I introduced myself to the interviewee, describing why I wished to speak with her (or him), without divulging any analytical purposes that are involved in this analysis. The interviews would generally be conducted in the customer’s home, or at their place of business in the cases these did not coincide with their home. In a few certain cases the staff member would remain present or close to the interview to provide a measure of comfort for the client or to assist with necessary translation, in the limited cases that the interviewee only could express their ideas in their indigenous language.

Previous to fieldvisits, and/or after depending on how much the opportunity presented itself, interviews were conducted with the entire NGO office and/or individual staff members. The purpose of this was to accrue information about the customers and NGO operations from a secondary, refereed source. This method also provided me with vital information about the background of interviewees and their relationship with the NGO, as well as the individual staff member’s insight into the customer’s life situation. The data collected will be presented in geographical order, following the different locations of fieldwork and NGO involved, as well as separating urban and rural settings of study.

4.1 Lima: marginalized urbanizations in the capital’s extremities

The following interviews were enabled through the cooperation of ECLOF Peru, providing access to their microcredit customers. ECLOF Peru consists of 24 staff

members, catering to 1,268 active clients, out of which 75% are women, and managing an outstanding portfolio valued to around two million USD- according to statistics established at end of 2008 (ECLOF, 2010). The NGO works with two types of social collateral groups: ‘Communal banks’ that are made up of approximately 10-15 members, and ‘solidarity groups’ that are smaller and usually comprise 3-7 members. The communal banks are levied with less commission, but also require that the client place at least 10% of the loan in a savings account at a bank, while the NGO monitors this process. They provide loans ranging from about 150 USD up to around 1,000 USD in repayment cycles that typically begin with four months and are periodically increased to six or maximum eight months as, and if, the loans increase. Loan amounts are decided on the basis of an individual’s credit history (if available) and their behavior with used loans and undertaken projects. Apart from the central money-lending business, ECLOF also provides technical workshops, basic business management training and other “added value services” such as spiritual guidance. These aspects make up the most important differentiation from traditional banking microcredit. In contrast to the banks, the staff say, they also wish to teach and help their customers to manage their loans in order to avoid default, especially in the prevalent context of economic crisis, as well as supporting them with holistic guidance.

4.1.1 Southern cone interviews

In the so-called ‘southern cone’ of Lima, interviews were conducted in the poverty-stricken neighborhoods of Villa Maria del Triunfo and San Juan de Miraflores. In order to maintain the anonymity of individual interviewees, information provided by them will be presented categorically.

The first pair of interviews in Villa Maria were conducted with senior women whose microcredit projects involved running small kiosks with a broad selection of small household articles and foodstuffs. One of them ran up to 3 kiosks simultaneously, depending on demand and availability of labour to help her. They have older children of ages between 20 and 40 years old, that are now independent. Perhaps in lack of such family preoccupations, protruding aspects of

conversation revolve around their work security. References are made to gang violence and vandalism, and the necessity of having invested in a steel kiosk (instead of wood) and paid security during the night, as far as income has given her the possibility. In this context it is relevant to consider Sen's perspective on the relation between well-being and income that is influenced by external factors, the relevant one here being variations in social climate, where the "conversion of personal incomes and resources into the quality of life is influenced also by social conditions, including... the prevalence or absence of crime and violence in the particular location" (Sen, 2001: 70-1). In this case, our interviewee's quality of life has improved by having her own business, but is detrimentally affected by the social climate in her neighborhood. Further, this woman describes that she invests most of her profits back into developing her business, clearly aware of aspects of image and placement in marketing her goods. What is left of her income is spent on improving household conditions.

The other interview conducted in this area was with a married woman around 40 years of age, with two young children of age 4 and 12. As with the other women, she would balance work in the household with the formal work sponsored by microcredit. The husband would be away working all day until late. Having already achieved a higher standard of living, she was now running two separate undertakings, on the one hand selling natural gas for household use in the neighborhood, and on the other hand running a small make-up franchise. She claims to have full control over her own income and is able to spend or save it according to her own choice. She says that she splits the costs of the household with her husband, and it appears that he takes care of the household bills (such as electricity, etc.) while she is in charge of daily expenditures relating to food and school materials for the children. She finds that the microcredit cooperation has been useful and that the loan groups she has participated in have worked well, with mostly friends and relatives being voted into her group and only one person having been excluded or disappeared after misbehaving. She highlights the importance of trustworthy and responsible group members.

Two further interviews were conducted in the neighborhood of San Juan de Miraflores. One is with a woman around 60 years of age that runs a party-

entertainment business together with her eldest son, in his mid-20s. Almost every Saturday they rent out audio equipment and costumes as well providing musical and comical entertainment for private parties. Without taking control, it is clear that her son has motivated her to take part in micro-lending and start her own little business. The younger son also helps out with the business and together with his brother they are mostly in charge of providing the entertainment, while the mother takes care of the administration. As microcredit customers of ECLOF, she feels that the loans they have been afforded have clearly helped them to grow in their entrepreneurship and allowed them to expand their business with, for example, new rental equipment. She has however, not engaged much in the alternative ‘spiritual’ activities of the NGO and does not seem to perceive big differences between a loan from the NGO or a bank.

The final interview in this area of Lima was conducted with a male borrower (although working with his wife), in order to also get a form of reference subject that may differ from the experience of the women that make up the bulk of this study. Together with his wife and also with help from his five children, this man has run a business making ‘teddy-bears’ and other stuffed objects for over ten years now. He has learned the trade from his mother as a child, while also caring for his two younger brothers that were neglected by their alcoholic father. His brothers have created similar, but more successful businesses, and are quite wealthier than him. Nonetheless, his pride shines through as he says that (despite caring for their upbringing) he does not want anything from his ‘rich brothers.’ It seems apparent that he is grateful for the microcredit he has been able to access, in order to retain his self-esteem and not be dependent on financial help from relatives. This case goes to demonstrate how empowerment is related to human respect, and not only applicable to a woman’s situation. Nonetheless, he wishes that, after three years in the microcredit program, he could access even more capital to be able to expand his business, satisfying larger orders and achieving lower costs through larger bulk orders. Although this may appear to an arbitrary limitation set by the NGO, one should also take into consideration that most cases of default and indebtedness are induced by excessive loans, hence the guidelines for microcredit lending described earlier. He is very dedicated, often working

from early morning to after midnight with the business. He has been part of different solidarity groups, always making sure to change group as soon as he perceived any member as being irresponsible, if they were not able to vote him/her out. At the time of interview he was in a group with three other men; the only ECLOF group that consisted solely of men, with the general rule that there was at most one male in each group. Regardless, this group was functioning well and they even conducted some business amongst each other.

4.1.2 Northern cone interviews

In the northern parts of Lima, interviews were conducted in the marginalized neighborhoods of Independencia and Comas.

The first interview was conducted with a senior woman of approximately 65-70 years of age. She has three children but they are now adult and independent. She has a stand at the market where she mostly sells sewn or knitted articles, but also a general selection of foodstuffs. She has been running the business for the last 13 years, of which the last three have been with help from ECLOF's microcredit program. She asserts that the microcredit has helped expand with many new products and that the NGO provides her with much better conditions and supportive services than the bank loans she has relied on previously. Disregarding the 'added value services' provided by the NGO, this goes to show how even the financial circumstances provided by an NGO can be more in tune with the needs and capacities of poor microcredit clients.

The other interview conducted in Independencia was with a middle-aged woman of about 45 years that had three younger children (ages around 14, 12 and 8). This woman ran a business (at home, as many others) producing 'beauty articles,' mainly handmade jewelry. She had in fact partly learnt her methods of making these accessories from one of the NGO staff administrators at ECLOF through their training workshops. She mentions, as others, that all the women enjoy these workshops to meet with other women in the same position and have a good time while learning new things. It is something remarkable, as she says it, and that is brought forth in several of the interviews. Regarding her personal life

she asserts that she is happily married and although her husband is off working all day, she is glad to be at home dealing with her business and taking care of the children (especially the youngest). She says her husband is supportive of her work and has encouraged her to get involved with the microcredit program and advancing her own business.

The last interview conducted in the northern cone of Lima was in the neighborhood of Comas with a ca. 40 year old lady, living with her male partner (not married) and two children, one son of age 14 and a little girl that was only one year old. This woman had transformed one side of their house into a little store with products of daily use, mainly beer that she says the people in their neighborhood demand until late night. She began her business with three crates of beverage (soda and beer) and is now operating with a stock of around 70 crates. She asserts that it was actually her son that encouraged her to start up the business and that he has helped out a lot, especially with mouth-to-mouth marketing. About one and a half years ago she entered the ECLOF microcredit program with loans of around 150 USD over 4 months and is currently up at around 400 USD per loan and a repayment period of 6 months. Quite obviously satisfied with her experience, she encourages others, such as relatives, to enter her solidarity group or to start their own, in order to enter the program as well and become independent entrepreneurs like herself. The family owns a minibus which the husband drives all night as a taxi, then sleeping most of the day and apparently not very involved in her business or the family life. Instead the son has become a prominent figure in the household, despite his very young age, and even been given his own room while the mother has made a small partition of the living room into her own space. Although this reinforces the stereotype of the latin male-dominant society, it is also made clear that she is investing in his future and independence as her ‘prime investment.’

4.1.3 Staff interviews

Interviews were conducted both formally with the entire staff as a group, as well as informally with individual analysts during spare time with them. These

interviews turned out to be of great value and importance for understanding aspects of their work and of their customers, giving insight or providing information about aspects related to this study that would have been impossible to gain knowledge about as an outsider to the customers that were interviewed, no matter how much trust was established at those occasions. Details of these conversations will be presented as relevant, and anonymous of source.

The customers that the NGO has are mainly women and often single mothers that may or may not live with a new partner. In San Juan it is only appreciated that one out of ten women are married. In other cases they start a new home with a new partner because of having a child together. Many of the women live with their families together with the extended family of one of the parents, but tend to move out with the core family whence their business income allows them to. However, it is mentioned that such new homes often are very precarious with inadequate hygienic circumstances and sometimes still lacking access to water or electricity. The families have around three to four children on average, but family planning is becoming better; it is apparent that this is a very sensitive topic for men, but the analysts do their best to provide the women with information about sexual health. In relation to income spent on the children's education, they say that women in more remote areas of the city, such as the area of San Juan de Miraflores, tend to keep their children in the same school as long as they are learning to read and write, whereas women living in areas that are more urbanized often invest income gains in better education for their children, even private schools.

The women are mostly more ambitious and more willing to take entrepreneurial initiative than the men, despite having to combine these activities with the burden of household chores and family care. It is generally the women's incentive to engage in the microcredit program, but mostly with the support of their partner and/or children. It is asserted that, at least in their part of the world, the woman is more responsible and does everything to pay back loans and push their business forward. This is of course in line with the arguments presented earlier by Yunus and other academic referees. The traditional role of the woman as caretaker of the household persists, forcing them to balance their daytime job with

that required of them at home. However, when the child becomes around 12 years old, he/she often becomes the caretaker for younger siblings. In single mother households, the eldest son becomes the man of the house when he becomes mature (towards 20 years of age), and the woman has to live by his conditions. This is especially prevalent when the eldest son brings an income to the household, but if the father is absent they have less responsibilities placed on them and become more prone to fall into gang criminality.

Violence is still commonplace in these neighborhoods, mainly instigated by young boys in such criminal gangs. It is brought forth that some of these youth are sons of their women clients, but that they are too ashamed to talk about such issues, especially in the cases where a child or husband has been in jail. Even when physical abuse is present within the household most relationships tend to continue. Of paramount significance is the description of how violence in the family often occurs, but how the analysts have observed that the women have eventually stood up to this violence and managed to subdue it after spending time with the microcredit program, using the analysts as support but perhaps even more importantly, by gaining their deserved self-esteem through their entrepreneurship. The very essence of empowerment, as evidenced. Staff members themselves witness how access to their own income gives them power of decision in the household, increasing control over their lives and empowering them to confront the violence experienced.

This brings us to the topic of differences between microcredit programs offered by NGOs as compared to those offered by traditional banks. The NGO staff emphasizes how they ultimately work with the ambition of humanitarian assistance and not only financial assistance. They help their customers socially and with personal aspects, such as hygiene. In fact, these workers provide personal support to each member of the community that they have created. Beyond only acting as an analyst, they provide the mentioned workshops and training opportunities to help and guide customers with issues relating not only to successful entrepreneurship but also social aspects, with the aim of improving “quality of life and opportunities for social mobility.” In many cases, the staff have to act as therapists for the customers, listening to their experiences with

divorce, domestic violence, or children succumbing to drug use or gang violence. Such accounts of their work provide direct evidence to the advantage of NGO based microcredit programs, in contrast to banks, especially in areas of extreme poverty and lack of government support, both in financial terms and aspects of security.

4.2 The Cusco region: marginalized urbanizations in rural areas of southern Peru

The collection of this data was made possible by the assistance of the NGO MIDE that provided access to their customers. MIDE is an institution based out of Cusco, specializing in rural microfinance that supports an alternative financial model aimed at facilitating the autonomy and development of the economic activities of women in the countryside (Mixmarket, 2010). According to 2008 figures, MIDE had a gross loan portfolio of 1.5 million USD and 7,488 active borrowers with an average loan balance per borrower of 204 USD (Ibid). As stated by the management, these numbers have increased somewhat (approximately 5-10%) to the date of the fieldwork.

The managerial staff describe their work as being oriented toward personal development, with an emphasis on developing individual capabilities. Their operational focus is on the poorest sectors and the most remote and inaccessible areas of the region. They maintain that among the poor, women are the poorest and the most neglected, as well as being the least educated, often illiterate and confined to their indigenous language. They say that MIDE aims to develop respect for these women and their individual self-esteem. The organization holds promotional information meetings with the ‘Mothers’ Clubs’ that exist in every community, and those women that ultimately wish to join the microcredit program continue to the established democratic process to be voted in. MIDE also offers quasi-vocational training and workshops to promote the customers’ activities and personal well-being. The workshops are aimed toward advancing the women’s self-respect, strengthening the organization of their solidarity groups and

promoting productive activities, such that “the customers can learn new trades to develop or to adjust to where demand creates better opportunities” (interview with management).

The management also contends that they continually face problems with banks and other institutions that freely offer their customers ‘attractive’ large, lump-sum loans, harming the NGOs plan that involves successively increasing loans as customers develop their business and financial capacities. Sometimes this leads to their customers becoming excessively indebted (through a parallel bank loan) and eventually not even able to pay back the small installments due on their loans from the NGO. Some customers leave the NGO to pursue larger loans from other MFIs or banks, but some of them end up coming back to MIDE eventually. These experiences underscore the mentioned theory that non-profit organizations seem to be more appropriate for financial catering to the poorest groups of society.

4.2.1 Interviews in Urcos

The first set of interviews in Urcos is of great anthropological value to this study, in fact making up a focus group of all the women in a social collateral group. Initially, the group was conversationally interviewed about their perceptions about the microcredit program, their involvement and potential entrepreneurial success and how it has influenced their personal life. Subsequently, I had the advantage of being invited to stay and observe their semi- or tri- annual loan re-negotiation meeting, which has provided important insight into the practical details of microcredit program operation, customers’ group organization and individual members’ participative behavior (including information about their loan requests, project intentions and available quasi-collateral, usually in the form of small livestock).

The group is composed of seven women of ages 35-65, approximately, generally married with 3-4 children each. Already here one aspect protrudes: that the women in this rural setting appear to have more stable (lasting) marital relationships than the women interviewed in the capital. Most of the women raise small livestock, such as rabbits and chickens, others have small-scale farming

operations and two other women run traditional market stands with diverse daily-use products. Many began the program with loans of only 15 USD, but now they are taking loans in the range of 100-350 USD (average around 170 USD) with repayment cycles of six months. The women assert that the loan quantities generally rise with time and business success, but that each woman is responsible for choosing their own amount, which may also imply lowering loans requested depending on their business. None of them have received a loan from a traditional bank. All of them uphold their gratitude to the NGO and argue that the program has “helped them forward and improved their life-situation.” All of them work hard to meet their loan requirements and have been active with the organization for around four years. They knew or have come to know each other well and have a good time with each other at the meetings, despite some formal administrative processes. At each such meeting, they appoint a ‘board of directors’ for the group to supervise each other during the loan period to come, including choice of president, vice-president, secretary and treasurer as in traditional large organizations. Then each has to request a loan amount, describe some form of (informal) available collateral, re-installment period and agree to the rules and requirement of the NGO and their eventual board position, each having to recite these to confirm their knowledge and understanding thereof. Certainly, a well-organized process and inspiring experience.

Another individual interview was conducted in the area with an indigenous woman of around 50 years of age with four children ranging from a very young age to the eldest daughter of some 22 years. She speaks a very limited amount of Spanish, and thus the analyst with me helped with the necessary translation from Quechua. This woman works with a lumber business, in cooperation with her husband, where he is a lumberman cutting trees in the forest and she takes care of distribution and administration of the business. She has been in MIDE’s microcredit program for the remarkable period of ten years already, currently afforded an extraordinary loan scheme of around 2.300 USD over a period of 18 months. Her business is clearly going well, with regard to the loan scheme and the relative grandeur of her home that is in fact a form of colonial villa, although primitively furnished. She has further been able to focus proceeds on investments

in her children's education, having her eldest daughter in university in Lima and her next-eldest son almost ready with high-school and also on his way to university in the capital. She balances her work with household chores and taking care of the two youngest children. She appreciates MIDE's training workshops, through which she has learnt about alternative income sources or activities and lectures about how to handle loans and business in order to minimize the risk for defaulting or over-indebtedness. Quite plainly, she says that "MIDE has helped her a lot to succeed in life."

4.2.2 Interviews in Anta

The first interview in this area was conducted with a senior woman that has been involved in MIDE's microcredit program since their beginning over ten years back. Here it was also necessary with a certain amount of translation to comprehend the entirety of the interview. She works with her husband in a truly remote rural area raising and breeding livestock, and apart from the pig and numerous chickens that surround us in her garden they also have two bulls, considered a highly valuable asset in this context. Moreover, they have also been able to diversify and start a parallel business providing caskets and other necessary articles for funerals. Her daughter works at a hospital and is thus a link in referring business to them in this area of work. She has a remarkable (but in this area more common) nine children, but at the time they are all adults and working independently, mostly in larger cities. Nonetheless, the younger ones still return over the weekends to help with the family business. She declares that she began the program and her entrepreneurship with only a small production of corn, and has achieved the mentioned success through the help of MIDE, "becoming successful in improving her life and that of her children."

The next interview is with a 35-40 year old woman that, contrary to the latin macho stereotype, runs an automobile garage service. She has also been part of MIDE's program since ten years back. She says that her social collateral group originally consisted of 17 members, but that various of them were unable to make their payments and the group is now left with only six remaining members. This

indicates, of course, that not everyone is successful with their microcredit program, and that it is not a magical poverty medicine that can simply be taken and expected to make you better off without putting in the necessary effort and having some good fortune with the business. This is not to say that microcredit programs are unreliable but, as with the rest of the economy, that not all businesses are profitable. In the case of this woman, she reinvests the majority of her proceeds back into the business, while her husband mostly takes care of household-related expenses. They have three children, of which two are in university in Cusco and the eldest already done with a computer systems degree. She is sure that the microcredit has helped her economically, and that she also has profited from the NGO's workshops that have helped her to manage her loans responsibly. She has also learnt to diversify her business risk and uses some of her proceeds to invest in livestock and land. She further notes that she is the only woman in the group that lives in the village, and hopes that the others living in the mountains may partake more in the NGO workshops and village market opportunities.

A number of further interviews were conducted with four different women in the central marketplace of the village. They mostly work with vegetable production and foodstuffs resale, and have all been part of the microcredit program since the beginning, as others mentioned previously, except one of them that has been a member for four years. They say that they invest their profits from the market into livestock raising, in order to diversify. The last woman, which already has a sizeable chicken livestock farm, declares that she reinvests about two thirds of her profits back into the business, and uses the rest for the education and necessities of her children.

The final interviews of this fieldwork were conducted with two middle-aged women that worked as street vendors with small kiosks on the 'high street.' These two subjects are very open and talkative, providing deeper insight into their experience with the microcredit program. They talk about how they have profited from the organization's workshops and want more educational training. They also emphasize that the MIDE staff have become "a little like parents to them," giving them much more than only economic assistance. Likewise, they have helped each

other within their solidarity group to move forward with their business and provide emotional support for one another. Their group consists of 5 women and they have voluntarily started up a savings fund that everyone contributes to, in order to have a safety-net to pay for any member that is not able to make their re-installments, for example in case of illness. It may also be used for financial penalties, accumulated interest or defaults with a bank in the case that one has a loan from there as well. In any case, the women become most emotional when emphasizing strongly that the program has given them self-esteem and self-respect, allowing them to take better control over their lives. They describe how they were afraid to ask for or denied money from their husbands to go out and start their own small businesses, but that the microcredit program has given them “this opportunity to grow and empower themselves.” A final anecdote that the women tell is how a rumor was spread around town that the MIDE office would close, and how this caused unrest among the community that did not want to go to any other financial institution, but to stay with their “MIDE-family.”

In a concluding informal interview with the MIDE staff, they subsequently corroborate the opinions of the interviewed women, adding certain ‘sensitive’ points of information. They describe how violence in the household is present in certain cases, especially if the woman is not able to pay a re-installment and the husband becomes worried about financial problems and losing respect in the community. This may lead the husband to consume excessive amounts of alcohol and start quarreling with the woman, sometimes inducing a vicious circle of violence. However, the staff has observed that the more the woman has been able to produce her own income and thus control over the household, building independence from the husband, the more they have become autonomous and built individual strength, eventually empowering them to confront the husbands violence and being able to reduce the presence of violence.

5. Conclusion

Two main issues of this paper need to be highlighted in the conclusions that can be drawn from the study: on one hand the issue of the methods used and circumstances surrounding microcredit as provided by an NGO, in comparison to a traditional bank; and on the other hand, to what extent the evidence from this fieldwork can link female empowerment to microcredit programs.

5.1 Microcredit programs: NGOs vs. Banks

We shall begin with the issue of NGOs versus banks in microcredit programs; “after two decades of experience, a better understanding of the financial service preferences and behaviours of the poor and poorest is still needed to expand the scope of microfinance initiatives in addressing the concerns about welfare implications of MFIs” (Arun, Hulme, Matin & Rutherford, 2009: 7). The main conclusion to be drawn is not that banks are inherently worse than NGOs, but rather that the two provide different kinds of services and scopes of lending that must be differentiated in policymaking regarding poverty alleviation and female empowerment strategies. Concerning the risks of the commercialization of microcredit, Bettignies and Lépineux say that “In Peru, some microcredit institutions give loans at 5 percent a month (meaning 60 percent a year) and yet they cover only populations above the poverty line in urban areas. They let the subsidized NGOs intervene in very poor rural areas where the population density is low and illiteracy high” (2009: 21). It becomes clear why the people in the remote areas in southern Peru were upset when they thought the NGO might be closing, and how much their work in the area can make a difference. Nonetheless, the mentioned authors also assert that, “concerning the commercial financial institutions, their involvement cannot immediately be condemned under the pretext that they are seeking profits; however, this involvement has to be seriously monitored and regulated” (Ibid, 2009: 26). The fieldwork presented here confirms this notion, that the banks and NGOs serve different categories of people, and

both should be present to do what each does best. The policy recommendation that emerges is that microcredit development strategies should be constructed such that the poorest of the poor have access to microcredit through NGOs that are able to give them subsidized interest rates and, beneficially, emotional support that encourages these individuals (with a focus on women) to confront the misery in their lives and fight to build the self-esteem needed to develop their personal capacity. Further, the banks need to be able to provide microcredit, under a regulated framework, such that those small entrepreneurs that are doing well and need access to larger amounts of capital may continue to climb up the social ladder.

5.2 Empowerment and Human Development

The other issue concerns the fundamental focus of this study: are microcredit programs conducive to female empowerment? The short answer, after analyzing the evidence presented through this fieldwork, while taking into consideration the limited sample, is: yes. Amartya Sen upholds that one of the most crucial aspects of ‘freedom as development’ and today’s overall development agenda is women’s agency, stating that “Empirical work in recent years has brought out very clearly how the relative respect and regard for women’s well-being is strongly influenced by such variables as women’s ability to earn an independent income, to find employment outside the home, to have ownership rights and to have literacy and be educated participants in decisions within and outside the family” (2001: 191). This statement cuts right to the heart of the implications of the interviews and perspectives brought forth in this study. All the woman interviewed had clearly improved their well-being, extend their capabilities and gained self-respect so as to become a visible participant in household decision making and community life. Microcredit has the *ability*, without being that secure magical poverty medicine, when implemented appropriately to address issues of empowerment as expressed by established gender champions; “enhancing the ability to exercise choice” as Naila Kabeer has said (1999: 437, in Parpart, 2008: 356), or in Sarah Mosedale’s words (2005: 252,

in Ibid), women's empowerment should be seen as "the process by which women redefine and extend what is possible for them to be and do in situations where they have been restricted compared to men". What becomes of particular importance is that poverty should not only be defined in terms of income, but also in terms of capability or agency. Microcredit, in its most basic form, has achieved a form of breakthrough for raising incomes of the poor, but what is more important is how organizations like the Grameen Bank, as well as the small NGOs studied herein, provide opportunities for the poor that go beyond just money, by helping these women (and men where applicable) to develop their human capacity in the form of self-esteem and eventually community respect. That is indeed invaluable, and cannot be measured economically.

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