

INTEGRATING GENDER POLICY IN MICRO-FINANCE: COMMUNITY DEVELOPMENT CENTRE (CODEC), BANGLADESH

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Paper originally prepared for UNIFEM, September 2000 and revised for One World Action May 2002. It describes the CODEC programme as it operated in 1999 based on CODEC's own gender-disaggregated statistics, a number of evaluation reports reviews, an impact study in Laxmipur area¹ and interviews with women in four VOs by the author in January 1999 during a DANIDA review of the programme and likely impact proposed changes.

INTRODUCTION

The Community Development Centre (CODEC) is an NGO based in Chittagong, Bangladesh registered in 1985. Since 1975 it has been working with land/assetless men and women² from coastal and riverine fishing communities in four districts: Chittagong, Laxmipur, Patuakhali and Barguna. CODEC also includes non-fishing households who meet the poverty criteria. In addition to poverty these communities also suffer social and/or religious discrimination, especially the low caste Hindu fishing communities.

Many of the communities with which CODEC works have been largely bypassed by government facilities and aid programmes. Many of the villages are very remote and inaccessible with poor communications, poor

road infrastructure and lack of bridges across the rivers. Many lack basic facilities like safe water, sanitation, primary healthcare and levels of literacy are low. All the areas are subject to periodic and often devastating natural disasters, floods, tidal bores, and cyclones. Although other NGOs and Grameen Bank are working in nearby communities, their target groups are generally better off and more accessible than those reached by CODEC.

The core activity of the programme is the formation of village organisations, with savings and credit as part of an integrated programme together with training and advocacy, education and health. CODEC's micro-finance programme is one of the ten largest programmes in Bangladesh. By 1998 CODEC had organized 604 female organizations with 17,492 members and 588 male organizations with 17,738 members and (CODEC 1998). CODEC has a gender policy mainstreamed through these activities for men and women.

The programme is supported mainly by DANIDA with specific components like training programmes, health and sanitation being funded by CIDA, Oxfam, DFID and other agencies. CODEC also collaborates with a number of partner NGOs on particular issues or programmes, including gender.

This paper argues that the CODEC experience highlights the cost-efficiency and developmental effectiveness of mainstreaming gender in an integrated development programme. The views of its women clients also challenge some of the accepted 'Best Practices' in loan conditions being



proposed by the donors. The final section identifies the broader implications for other mixed-sex community-based organizations which aim to empower women through micro-

finance in an integrated development programme.

CODEC FISHERMAN'S PROGRAMME

The main aim of the programme is to organise coherent and successful pressure groups for the fishing community. CODEC develops self-managed village organisations (VOs) federated into Coordination Committees (CCs). The long-term aim is to see the CCs in turn organise themselves into Federations to act at Thana and district-level. By 1997 a total of 16 Coordinating Committees comprised of 258 male groups and 261 female groups had been formed. These CCs had generated a disaster fund as accident and life insurance for 6,128 members. 70 VOs had been phased out and 30 groups out of 475 groups in existence for three years or more had formed their own elected committees (NCG 1998).

In this process savings and credit are seen as providing an important focus in the process of group formation as well as providing an important service for members.

But CODEC is an integrated programme with other components apart from savings of credit as noted above. Of relevance to our discussion below there is:

- ◆ a **training programme** including organisational and human development training of the VO members, skills training for income generation activities. CODEC has developed its own manual of '104 Lessons' which covers subjects such as loan management and accounts training in addition to the training in awareness building, leadership and organisation. Training of VO members is conducted by the Programme Workers in the weekly savings and credit meetings. Gender issues are integrated into this training given to both male and female VO members.
- ◆ a **Support Programme** to bring development assistance from outside

donors to facilitate delivery of government services and services from other NGOs to the villages to supplement the efforts of CODEC. CODEC provide logistics and staff support for these services if they contribute to the achievement of CODEC's overall objective. These include particularly tree planting, tube wells and latrines. These services benefit the whole community and not only CODEC VO members. This Support Programme also includes linkages with other agencies working on gender as discussed below.

In 1999 CODEC administration consisted of:

- ◆ **Head Office** in Chittagong with 43 staff, headed by an Executive Director supported by a Director of Administration Finance, the Programme Director, the Senior Manager of Audit the Senior Manager of Credit the Senior Manager of Training and the Senior Manager of Publication and Documentation.
- ◆ **5 Area Offices** headed by a Programme Manager supported by four staff members (2 Accounts Officers and 2 Programme Officers).
- ◆ **27 centres** headed by a Centre Coordinator with two to three Programme Organisers, five to seven Programme Workers, a number of teachers and one Office Attendant.

MICRO-FINANCE COMPONENT

The micro-finance programme developed out of a boat rental scheme for the poorest fishermen started in 1975 and funded by DANIDA. Summary details of the programme are given in Box 1.

Savings activities are not handled by CODEC, but by the VO which collects savings and deposits them with a scheduled Bank in a savings account in the name of the VO. Individual members savings are recorded in the Savings Pass-book by the VO. Interest received from the bank and from CODEC is credited to the group savings account. Each year the accumulated profit is distributed proportionately among the members according to their total savings and yearly attendance. The VO members also maintain a General Fund which can be loaned for various purposes as agreed by the VO members e.g. purchase of furniture for their community Centre or used for meeting the recurrent expenditures of the VOs. Most of the deposits are from CODEC and interest charged on loans is 21%.

The loan program attempts to combine flexibility to borrower needs with monitoring and guidance to ensure repayment. All male and female adult members of VOs are eligible for loans if they have made regular savings and fulfil the other conditions indicated in Box 1. As men and women belonged to separate groups, more than one member of a household could get loans provided they fulfilled the other conditions. Loan recovery for short-term loans to both women and men varies between 90 to 98 % depending on the district and on current repayment and projected growth financial sustainability of the loan programme was projected by 2000.³

Four types of loans are offered. About 90 % of the loans disbursed are short-term loans. Loans are given for income generation activities but there are no restrictions on activities, except that loans will not be approved for moneylending. CODEC also reserves the right to reject applications for purposes not found feasible or desirable.

A particular feature of the CODEC programme is **flexible repayment schedules**. Schedules are based on monthly instalments with monthly amounts agreed between the borrower and CODEC depending on anticipated earnings in different economic

BOX 1: MICRO-FINANCE PROGRAMME

SAVINGS PROGRAMME

Participants' savings are handled by the VO and normally started with weekly instalments of Tk 5 per person. Savings are deposited in a bank savings account in the name of the VO but accumulated profits are distributed to individual members.

THE LOAN PROGRAMME

Eligibility: Male and female adults who have been members of VOs for at least 40 weeks and have participated in at least 40 percent of the weekly meetings, have made weekly deposits to the Savings Fund for at least 75 percent of the last 40 weeks and amounting to at least 10% for short-term loan and 25% for mid-term loan, do not have any outstanding loans or other debts with CODEC or other NGOs and financial institutions.

Purpose of loan: income-generation

Types of loan:

- short-term loans of 12 months, maximum 20,000 Tk
 - mid-term loans of 24 months, maximum 75,000 Tk
 - long-term loans or 48 months with no maximum limit
- rehabilitation loans for the most destitute members whose homestead and surrounding land have been submerged under water due to river /sea erosion

Repayment schedule: based on monthly repayments that amount determined by the borrowers themselves and agreed during the loan processing

Interest rates: originally declining balance of 16% then in 1998 increased 21%.

Group structure: members of VOs form solidarity groups consisting of 5-6 members belonging to different households. The members elect a leader from among themselves. Members of an SG are collectively responsible for the repayment of loans given to the SG and its individual members. The VO however is the ultimate guarantor.

Loan application procedure: the leader of the SG is responsible for processing loan proposals of the individual members of their group and passes applications to VO Loan Committee. After approval and recommendation of the VO Loan Committee, applications are forward to the CODEC-centre where applications are scrutinised by the programme workers and organisers.

Loan monitoring: borrowers submit statements of expenditure at the weekly meetings where they are verified by the Programme Workers

activities to maximize benefits to the borrower. Once agreed however schedules are strictly adhered to.

A number of changes had been made in the loan conditions since 1995, and more were being proposed to increase repayment rates and financial sustainability. These were in response to the findings of donor reviews and evaluations and also in anticipation of the type of frameworks to be introduced by PKSF, the Bangladesh regulatory body which had just been set up. Some of these changes had been successful in increasing repayment rates and sustainability. Others were more ambiguous in their effects.

In 1998 the possibility of complete separation of the microfinance from other activities was being discussed both in response to new donor guidelines and anticipated regulations of PKSF.

Firstly there had been a number of changes in group structure to address the difficult balance between application of social pressure on the loan defaulters through mutual liability and disincentives to repayers in badly performing groups. Before 1995 no VO members could not get new loans unless all member loans had been repaid. However late repayment from single members in the large group hampered loan distribution to good repayers and acted as a disincentive to these latter keeping their good record. Since 1995, following the Grameen model, the 30 members of the VO have been divided into 6 loan Solidarity Groups (SG) of 5-6 members. Although the VO is still the ultimate guarantor for all loans extended to the SG, application for loans is made through the SG and the five SG members are collectively responsible for all loans given to SG members. This had led to a significant improvement in repayment.

Secondly the calculation of the interest rate has been very contentious. Until 1998 CODEC charged an interest rate of 21% on declining balance divided into 16 % real interest for CODEC and 5% reimbursed the groups. The potential complexity of

calculation of declining balance was resolved by use of pocket calculators in front of borrowers and crosschecking to avoid corruption. The problem was that the effective interest rate received by CODEC was only around 7-8% because seasonality in the fishing industry meant that there a large proportion of idle funds at slack times of the year. A consultant's report in 1988 had recommended introduction of a flat rate interest of 18% (13% for CODEC and 5% reimbursed to the groups) together with penalties for default to increase financial sustainability⁴.

However CODEC, CODEC members and the 1999 review in which the author participated concluded that this change would lead to serious tensions within the programme. Not because of the increase in the effective interest rate the need for which which was broadly accepted, but the switch from declining to fixed interest rates. It was feared by members that reduced incentives for early repayment would encourage diversion of profits to more risky activities or consumption rather than repayment. The accompanying introduction of penalties for late repayment was also seen as treating hitherto good repayers like potential criminals. This change also had gender implications as outlined below. The 1999 review therefore recommended an increase in the declining balance rate to 21% coupled with policies to increase diversification of the loan fund to improve cash flow.

Thirdly donor reports proposed measures to decrease the costs of the monitoring process. Loan applications are checked first at the CODEC Centres and then at Area Office to ensure that the applicant has fulfilled the requirements for obtaining the loan applied for. The field staff carry out an appraisal for each individual loan activity not later than two weeks after the loans have been disbursed to ensure that the loan has been used in accordance with the loan proposal. This process was both lengthy and cumbersome so the donors were proposing to enable members to use the loan for whatever purpose they wished.

GENDER POLICY

CODEC is a mixed-sex programme with a stated commitment to both gender equality and empowerment. CODEC's gender policy states that:

'Empowerment of women and their participation are the most important elements of CODEC's development strategy.'

Empowerment is defined in broad terms including economic empowerment, social and political empowerment, a broader definition than that employed by many other microfinance programmes e.g. Grameen Bank.

The commitment to gender came partly

DEFINITION OF EMPOWERMENT

Economic empowerment: Economic empowerment happens when income, wages, employment and self-employment increase, underemployment reduces, indebtedness to money lenders decreases, saving increases, distress sale of communities and land decreases, increase in assets and productive investment occurs and wage bargaining capacity increases.

Social empowerment: Social empowerment occurs when literacy rate and social awareness increases, oppression on women decreases, access to safe drinking water and sanitation coverage increases, contraceptive prevalence rate increases, child and maternal mortality decreases.

Political Empowerment: Participation in different community and political institutions increases, women's mobility and decision power increases and access to public and common property resources increases (mostly through collective bargaining capabilities through their own institution).

because of pressure from staff and management and partly because of the changing social context and trends in other NGOs in Bangladesh. DANIDA evaluation reports also gave consistent attention to gender issues, including land and resource issues, with constructive suggestions for improvement. This emphasis has also been echoed by a number of other donors to the programme.

The approach to gender consists of four main dimensions:

Female targeting in loans and quotas for female leadership: As discussed above, in 1997 women's VOs outnumbered those of men. In principle this gives women equal access to loans and participation in decision-making, although as discussed below there have been some shortcomings in practice.

Integration of gender issues into mainstream training: the '104 Lessons' given to both women and men in all VOs.

Facilitation of special gender training women and men sponsored by other organizations. These include a CIDA-sponsored programme 'gender equity through awareness-raising of women' focusing on social, organisational, legal human rights and aiming to strengthen the institutional capacity of existing women's village organisations.

In the Chittagong area CODEC has been collaborating since 1996 with the Ain O Salish Kendra in Dhaka working to create awareness among local government officials, local leaders, teachers, cultural workers, local leaders and political workers of positive aspects of customary practice and existing law on fundamental human rights (CODEC 1998).

CODEC works with Bangladesh Nari Progati Sangha on 'Creating Enabling Environment for women' project which organises awareness sessions for female and male voters, workshops with community leaders, civil society groups, middle-class women and professionals and organises training and dialogue sessions with elected local government members and voters and arranges debates and rallies on various

women's issues. In 1998 twenty-two awareness sessions for voters were held. (CODEC 1998).

Staff gender policy

Until 1995 CODEC had a women's cell at the headquarters in Chittagong established following recommendations of an evaluation and review by DANIDA in 1988 and 1992. This women's cell formed a separate department directly responsible to the Executive Director and consisting of a programme officer in charge assisted by two other programme officers. However after a short period the programme officer in charge of the women's cell left for further studies abroad and upon return was offered another assignment. The remaining programme officers were committed but were overworked and under-resourced. The women's cell was abolished in 1995, but a women's development manager and one senior programme officer (WID) were recruited at Head Office to facilitate WID co-ordination within CODEC's overall programmes (NCG 1995).

In 1998 a staff gender policy was adopted to increase women's representation in senior management as well as ensure rights of all female employees (See Appendix). This led to an improvement on the original male: female ratio for regular staff (Head Office staff, Area Office staff, Centre Coordinators and Programme Organisers) from 13:1 to 3:1. The ratio for contracted staff i.e. Programme Workers, teachers and attendants was about 1 to 1.

However increasing numbers of females in senior management has still proved difficult. At CODEC headquarters the entire management consisting of the Executive Director, two directors and five managers were all men. The highest ranking female members of staff are programme officers in the women's cell and in the training and documentation cell. There is a similar pattern in the area offices.

This was due to a number of reasons:

- ◆ the conditions of work required management positions to rotate between areas which is difficult for women with family responsibilities.
- ◆ it was the opinion of senior management that it would be difficult for women to hold management positions as Centre Coordinators or Area Managers in areas where Muslim fundamentalism was strong.
- ◆ A further problem was that because of their scarcity value it was difficult to attract qualified female staff at the sort of salary levels which CODEC could offer. A number of qualified senior female staff had taken up posts with international donor agencies (including DANIDA) at higher salaries.

CONTRIBUTION TO WOMEN'S EMPOWERMENT

The current study does not pretend to be as detailed or in-depth as those conducted for other programmes like Grameen Bank, BRAC and Small Enterprise Development Project (SEDP).⁵ At the time of writing in 2000 no detailed evaluation of CODEC's contribution to empowerment was available⁶. None of the literature or the author's review on which the following is based were primarily focused on gender. Nor was the investigation able to address the complex methodological issues raised by these other studies.

Nevertheless, despite its inevitable shortcomings available information indicates some important contributions of CODEC's methodology over and above those of programmes like Grameen. It also highlights a number of inherent challenges which still need to be addressed and which would be further exacerbated by adoption of policies proposed by donors to increase financial sustainability.

Individual economic empowerment

The explicit aim of most microfinance programmes targeting women, including CODEC, is to increase incomes from women's economic activity and their role in decisions regarding its use.

For most of the women interviewed in the CODEC literature and Review wanted to earn an income. Households in the fishworking communities could not be sustained by male earnings from fishing alone. The income is both seasonal and uncertain, and was also declining through over fishing. Most of the fishermen have no boats or knowledge of modern fishing technology. Many worked for rich and influential boat owners on a share basis, usually on very unfavourable terms, with most of profits going to boat owners and traders. The fish marketing systems and informal credit market were controlled by the same influential people.

BOX 2: LOAN USE BY SEX

| Activity | Female | | Male | |
|----------------|-----------------|-----------------|-----------------|--------------|
| | Number of loans | Av loan size Tk | Number of loans | Av loan size |
| Cow rearing | 428 | 6,122 | 372 | 8,598 |
| Raki business | 405 | 6,814 | 247 | 7,860 |
| Net making | 168 | 6,565 | 319 | 9,600 |
| Rice trading | 138 | 5,641 | 39 | 8,192 |
| Grocery | 55 | 5,545 | 96 | 9,348 |
| Rice husking | 54 | 5,750 | 5 | 7,400 |
| Fish trading | 49 | 5,204 | 64 | 9,570 |
| Cow fattening | 20 | 4,275 | 43 | 5,313 |
| Chilli sale | 17 | 3,088 | 3 | 11,000 |
| Rickshaw | 15 | 5,066 | 14 | 5,964 |
| Nut trading | 11 | 2,954 | - | - |
| Farming | 11 | 2,909 | - | - |
| Firewood sale | 9 | 4,888 | 11 | 8,772 |
| Betel nut | 8 | 4,375 | 2 | 5,500 |
| Goat rearing | 5 | 2,200 | 1 | 2,000 |
| Sewing machine | 5 | 7,000 | - | - |
| Engine | 5 | 10,000 | 27 | 23,055 |
| Boat making | 5 | 4,000 | 12 | 12,933 |
| Van | 4 | 6,250 | 3 | 6,666 |
| Cloth | 3 | 6,666 | 1 | 20,000 |
| Fish salting | 2 | 3,500 | - | - |
| Diesel sale | 1 | 10,000 | 3 | 10,000 |
| Boat repair | - | - | 23 | 7,130 |
| Net repair | - | - | 9 | 5,444 |
| Silver sale | - | - | 3 | 12,666 |
| Stationery | - | - | 2 | 6,500 |
| Unspecified | 5 | 15,000 | 12 | 15,000 |
| Total | 1,423 | 6,144 | 1,311 | 9,012 |

Source Alamgir 1997 Table 27

Contrary to popular stereotypes Bangladeshi women are not economically inactive, but are frequently involved in a diversity of market exchanges, including moneylending, food processing and small livestock production and handicraft production as well as reproductive work. In some cases products pass through female networks, but their interactions with markets beyond the village are mediated by men. The degree to which this dependence on men for marketing restricts women's knowledge of markets, and the degree to which women seem men as 'working as their labourers' varies between women (Todd 1996).

Because of its policy of encouraging women's equal access to services, the programme has undoubtedly increased the access of women in the target group to savings and credit facilities. In 1997 the total saving fund was 22.5 million Tk of which 42% was deposited by women. The women have their own savings book in the bank and sign for their own loans as well as title deeds to assets. In 1997 55% borrowers were women who received 47% of the loan amount. There was some difference in the loan amounts given to men and women, with average loan size for men being 6,900 Tk compared with 5,200 Tk for women (NCG 1998). These sums are nevertheless substantial compared with earnings, and some women have taken much higher loans than the average.

Women have taken loans for a variety of economic activities as can be seen from Box 2.

CODEC is a mixed-sex programme so the pressures on women to become conduits for male access to loans and savings is considerably less than that reported for female-targeted programmes like Grameen Bank. Nevertheless, as in other programmes, many women invest in the activities of male family members, particularly fishing. A number of women interviewed by the author, had joined with other family members eg husbands, husband's brothers and their wives in different groups to pool funds together to purchase a boat. An earlier DANIDA evaluation notes that for those women interviewed the first investment was usually a direct support to their husbands activity e.g. small investments in fishing gear,

growing to, although in fewer cases, boats, joint ventures in fish ponds.

In other cases mentioned in this study and also by women interviewed by the author investment was in grocery shops, or land mortgage which is sometimes but not always leased in the woman's name. It is likely that investment in men's household activities rather than any change in women's roles accounts for most of women's investment in non-traditional activities.

There are some examples of relatively successful female entrepreneurs having improved the economic situation of their families with great personal pride reported in DANIDA evaluation reports. For example one woman who opened a restaurant had a net income of Tk 150-200 per day through an investment of Tk 8,000 (NCG 1998).



Of the women interviewed by the author, the highest any woman was earning was in tailoring where one woman was the only tailor in

her village catering for women and children. In four peak months of the year she could earn Tk 4000 a month reduced to about Tk1000 in other months. This compared very well with levels of earning even of men in equivalent households.

Nevertheless, although women are economically active, the avenues for them to earn high incomes from their own independent activities are very restricted. The types of economic activity possible differed between the four districts. In Chittagong proximity to the big city of Chittagong gave better access to services and alternative job opportunities, including the garment industry and markets where women could directly sell their own products. Laxmipur on the other hand is a very conservative Muslim area where no women go to market and transport is difficult.

Patuakhali and Barguna to the West of the Meghna river were particularly remote with little market development.

Women's earnings in the activities for which they most commonly take loans like cow rearing, raki business and rice trading, were reported to be very low and in some cases negative⁷. In villages where there was more than one female tailor because of training programmes, earnings were much less than that quoted above.

It is clear that a major challenge is an effective strategy for diversification of women's activities. It is lack of diversification and low incomes from women's own activities which at least partly explains women's investment in male activities. Until 1999 training programmes had largely been in the same traditional female skills and had not included a business component.⁸

Interviews in Chittagong showed a high demand among women for larger loans coupled with enterprise training, and also group loans to assist in collective production and marketing within well-established groups. CODEC was however trying to address this problem. Staff had just been sent for training with CARE in IGA selection, planning and management and 150 VO members for GTZ training in Entrepreneurship Development.

Intrahousehold relations and well-being

Economic empowerment cannot be assessed solely in terms of women's own control over their own income and assets, but needs to take into account complex negotiations within households over control of male income and assets. Other studies have found that for many women individual control of loan use and/or control of the (generally small) incomes from their own activities investment is less important than increasing their control and influence regarding the total household budget to which their husbands make the major contribution (Todd 1996; Kabeer 1998). In Todd's study of Grameen women in Tangail many women controlled the household budget. In Kabeer's study it was mainly women in unstable relationships who placed the main emphasis on individual control over their own incomes.

The interviews and discussions in the four focus groups with CODEC women conducted by the author indicated that there were differences between communities, between Hindus and Muslims and between individual women in both their attitudes to their own incomes and levels of control over the household budget. An important factor in this area was an awareness of the instability of many marriages. Of the 14 Muslim women interviewed in Laxmipur all said they controlled the income from their own activities and that this was very important for them. An earlier evaluation team had learnt confidentially that some of the female entrepreneurs were setting aside funds in a separate bank account unknown to their husbands.

What was also noticeable about the CODEC women interviewed by the author however, was that even where investment was in a joint household activity, women reported receiving a proportion of the profits in proportion to their investment which they subsequently used for their own purposes particularly investment in their own income generation activities. Although all accounts of loan use need to be treated with caution, the women interviewed all gave detailed and coherent accounts of precise amounts involved over a period of five to ten years and showed a high level of understanding of household finances and where the different loans had gone.

The degree to which this awareness is a result of the programme or because of pre-existing arrangements for management of household budgets is unclear. In Hindu fishing communities in Chittagong women's control appears to be traditional because the men were away fishing at sea. In Muslim communities in Chittagong many women also appeared to have had a major say in household budgeting even before the programme. In Chittagong of the 16 Hindu and Muslim women interviewed in two groups and Chittagong, all said they controlled the household income. However the women who had had gender training all said the levels of control had considerably

BOX 3: SOME CONTRASTING EXAMPLES OF LOAN USE

Putulbala a dynamic married woman from the Hindu fishing caste, around 40 years of age with elementary education. She has been a member of the CODEC group for 12 years. She had taken a mid-term loan for investment in a boat engine and for making a boat. Her husband had not taken a loan. 'He will go to sea and sell the fish and then give all the money to me to manage the family finances and repay the loan. Before men used to keep the money but now women are keeping the family finances because they are more aware. Before women could not go out alone, now women are much freer and go around on organisation business'.

Renana bibi a married Muslim woman of about 30 with one girl and two boys. She took a loan of 30,000 Tk for a firewood business. She also has a shop in her house which she pays someone to run. Her husband is now unemployed and does day labour. Her husband and the boys help with getting the water and girls help with the housework. Now she's working relations with her husband are improved. She keeps the money and runs the household.

Mona bibi a married Muslim woman of around 25. She took a loan of 10,000 Tk for a tea shop which her husband runs. He keeps some money for life insurance policy and other things and gives some money to her. He is not a member of CODEC because he's busy and because they do not need such a large loan. She wants to be a member for her own development because of the group meetings and training.

increased because they now had greater competence in managing money and greater respect (See Patulbala in Box 3).

An important finding in the CODEC interviews was the importance of methodologies of loan

delivery in affecting women's ability to control loans and income.

Firstly women said that the declining balance method of interest rate was much better because it meant they could say to their husbands that they needed whatever money they had for loan repayment and were thus able to prevent them from taking money and squandering it. They were very opposed to the proposed introduction of fixed interest rates.

Secondly the women said that the direction of loans to productive purposes and intensive monitoring and advice given by CODEC staff was crucial to their ability to use loans for their own activities. They said that if monitoring was decreased and they were able to take loans for consumption as well as production purposes, they would be under a lot of pressure from the men for them to use their loans for household consumption and they would be unable to invest in their own activities.

Social and political empowerment

In many microfinance programmes it is assumed that group formation automatically leads to women's social and political empowerment, particularly in society for Bangladesh where women's movement outside the home have traditionally been very circumscribed. Todd's study of Grameen Bank would indeed support a conclusion that participation in Grameen groups, including particularly their emphasis on counteracting traditional body language and the 16 decisions, has had an impact on women's confidence and assertiveness.

However all cases of assertiveness and action to defend women's interests reported by programmes cannot be attributed to microfinance. As described in detail by Sarah White, although women's power is seriously limited, they have always used a range of indirect strategies to achieve their objectives (White 1992).

Moreover serious worries have been expressed about the effect on relations between women of repayment pressures in groups which depend on mutual liability (Rahman 1999; Rozario 2002). There is also evidence of increased availability of credit leading to inflation of dowry prices with all the negative implications this is likely to have for women's position (Rozario 2002).

The CODEC women interviewed by the author reported a range of positive changes in their lives due to both external factors, for example the rise of female political leaders, and their access to savings credit. programme policies. There has been an increase in women's political participation which is at least partly due to group activity organised by CODEC. A total of 51 VO members stood in the Union Parishad local government elections, of whom 15 were women and six of these women were elected (16 men) (CODEC 1998). Women asserted that much of the change had been due to the programme training, both the general training and gender awareness training which they described as 'opening their eyes'. In particular they wanted more women's rights training so that they knew what their rights were. They also wanted more leadership training to help strengthen their organisation.

What was different about the CODEC programme was the organisational basis underlying the microfinance. This had enabled a range of types of collective action on gender issues. For example in relation to domestic violence, women were encouraged to report any cases in the women's groups. The group leaders then reported the cases to the men's groups. Despite its widespread occurrence violence against women is not socially respectable in Bangladeshi society and men shamed in this way in front of other men were unlikely to offend again. Domestic violence is now said to be rare in the communities interviewed.

Similarly cases of summary divorce had been managed within the organisation and couples reconciled where this was possible. Another case of collective action in defence of individual women against other vested interest in the community is given in Box 4. Significantly also

BOX 4: A CASE OF SUCCESSFUL COLLECTIVE ACTION

Ms Y is married to a fisherman of Chapli Village in Patuakhali District. They have less than 0.5 acres of land and no other assets except for a few chickens. They have four children of whom the eldest attends the CODEC school. The wife and husband both joined CODEC groups in the village when they were first formed in 1992. They use their first loans to buy fishing nets of husband, then the second loan of the wife was invested in the dairy cow. The intention was the cow would provide fresh milk to family and they would sell a couple of litres every day to supplement the income from fishing.

Unfortunately the cow died after a few days and Ms Y. found out that it had been bitten by a rabies infected dog while it was still possessed by the previous owner, an influential landlord of the area. He had been fully aware of the situation and had even brought the cow to the vet for examination before he decided sell it.

The women in the group became very upset when they found out that the landlord had sold one of them a sick animal and decided to use their recently gained strength to demand the rights of them and get their money back. They argued in vain the landlord and then decided to involve the Union Parishad Chairman in settling their dispute. At first he did not want to listen to them that they demonstrated outside the chairman's office for a few days until he succeeded in convincing the landlord to refund her money. (DANIDA 1995)

female phased-out VOs were said to be more active than male ones (NCG 1999).

This is not to say that the women's organisations were uniformly strong, or that a lot more progress was not needed. Although there was equal representation on the CCs because each VO has one representative representation on the

Executive Committees remained mainly male (in 1999 and 2 out of 9 seats were reserved for women) and women's participation in discussions was said to be less strong. Again, however, efforts were being made to improve the situation as part of an Oxfam-sponsored project of institutional reinforcement for the CCs where women are receiving leadership training, albeit not yet in equal numbers to men⁹.

SECTION 4: CHALLENGES FOR THE PROGRAMME

Without more systematic comparative statistical information it is not possible to say how CODEC's contribution to the different dimensions of empowerment compares with those of other minimalist micro-finance organizations like Grameen Bank. Here also women have set up their own enterprises, have increased confidence and play a greater role in the political process. There is however variation between contexts and dependent on the particular initiatives in particular groups and centers.

Nevertheless the limited evidence does indicate firstly some of the potential benefits of integrated programmes, contrary to current 'Best Practice' orthodoxy. Without integration of savings and credit with training at least in the initial stages of group formation, savings and credit would have had less impact. Whilst the training itself still has some shortcomings, this does not indicate the need to decrease training, but improve it.

Moreover both the training and savings and credit would have been more costly if they had to be delivered by separate staff, both in terms of staff time and transport. In CODEC repayment incentives provided by the declining interest rates and flexible repayment schedules meant that neither staff nor borrowers perceived any role conflict between savings and credit collection and social development. On the contrary the roles were perceived as complementary with borrowers having an interest in continuance of the savings and credit programme and staff gaining much more intimate knowledge of borrowers' situations

through their training activities. The main need for separation of functions came once borrowers needed much more in-depth training in enterprise or legal issues which grass-roots extension staff did not have the expertise to offer.

Secondly the combination of both male and female groups had advantages firstly in giving women's groups a male organisational structure with which to negotiate change. Secondly it meant that men as well as women were receiving the integrated gender training along with their savings credit.

Thirdly the experience of CODEC also indicates that policies advocated to increase either financial sustainability (e.g. the change interest rates, decreasing training and monitoring) or poverty targeting (e.g. allowing consumption loans) are likely to have gender dimensions which needs to be taken into account. These policies cannot be seen as ' technical issues ' but need to be also assessed for their gender impact.

This is not to say that women's empowerment necessarily conflicts with financial sustainability. As discussed above, in the case of interest rates, an alternative or complementary solution to increasing interest rates was to promote the diversification of activities to improve the turnover of the loan fund. It does mean however that combining the two aims need to be strategically planned.

APPENDIX 1: GENDER POLICY FOR STAFF MEMBERS CODEC, BANGLADESH

INTRODUCTION

Empowerment of women and their participation are the most important elements of CODEC's development strategy. These are clearly reflected in all the programme activities of CODEC. These elements of gender sensitivity are observed not only at the level of the people at the grassroots with whom CODEC works, but also at the level of its staff members since inception. Equal rights for women have been emphasised both in the administrative and staff policy as well as policies related to different development programmes. Though much headway has been made in securing women's equal participation in all activities at the grassroots which have improved the status of the poor but due to some objective realities same level of achievement could not be attained within CODEC itself. The formulation of this comprehensive gender policy is one of the specific measures undertaken to deal with whatever gender gap that exists in CODEC. The present policy is an improvement upon the previous administrative and staff policy and it incorporates some new measures which would provide further opportunities for the women staff.

OBJECTIVES

- 1.To ensure equality among male and female staff at all levels of the organization.
- 2.To ensure equal rights and opportunities for male and female staff and their equal participation in all activities

3.To undertake affirmative actions considering the historically created social backwardness and deprivation as well as specific needs of women.

4. To create conducive conditions and environment to change and improve the status of women in the society.

5.To institutionalize gender and development strategies and initiatives.

AREAS

Affirmative actions have been undertaken for the female staff in the following areas:

- 1.Financial and other material benefits;
- 2.Recruitment, leave, promotion, posting, transfer, termination and dismissal;
- 3.Infrastructural and some other special benefits;
- 4.Staff development;
- 5.Specific problems of the female staff; and
- 6.Values and code of conduct.

1. FINANCIAL AND OTHER MATERIAL BENEFITS

Male and female staff will be entitled to equal pay scale, house rent, travel allowance, gratuity, income tax, increment, house building loan and special benefit fund, training allowance, overseas travel allowance, transportation expense, medical facilities, telephone, etc. However, the staff will be entitled to enjoy some special facilities regarding the use of official transport. They are:

- a)The female staff at the head office will be given priority for pick-up and drop by the office transport.
- b)A female staff occupying the position of Manager or any female worker of the equivalent rank will entitled to an official transport for field visits (it is to be noted that this facility is not applicable for the male staff of equivalent position. Even a female employee below the rank of Manager may avail an office vehicle for field visits with the approval of the Executive Director or the Director).
- c)A female staff will get priority in using office transport (on payment) for medical check-up

from the seventh month of pregnancy until the birth of the child.

2. RECRUITMENT, LEAVE, PROMOTION, POSTING, TRANSFER, TERMINATION AND DISMISSAL

In the existing recruitment policy certain rules are equally applicable in case of the male and female staff. However, to increase the number of female staff the following affirmative actions have been taken:

2.1. RECRUITMENT

a) The number of female staff in CODEC will be increased gradually. This increase will be at the field level as well as at all other levels of management.

b) Priority will be given to female candidates with equal educational qualification and experience in case of recruitment.

c) To achieve the target to increasing female staff, if necessary, applications will be invited from female candidates only.

d) For a married male staff of CODEC, wife's name along with the names of mother and father is to be kept on record in the personnel file and in case of an unmarried male staff the names of both mother and father should be kept. Similarly, in the case of a married female staff the names of both mother and father should be kept along with the name of husband and for an unmarried female staff names of both mother and father should be kept in record.

2.2. LEAVE

The policy for annual leave, and casual leave are the same for both male and female staff. But there is a provision for maternity leave for the female staff, as follows:

A female staff will be entitled to 3 months of maternity leave with full pay during child birth and, if necessary, medical leave, annual leave and leave without pay may be added with prior approval from the management.

Regarding posting and transfer the rules are the same for the male and female staff. But the following positive exceptions will be made for the female staff:

2.3 POSTING AND TRANSFER

Regarding posting and transfer the rules are the same for the male and female staff. But

the following positive exceptions will be made for the female staff:

- ◆ During the period of pregnancy, i.e. from the first month till the fifth month after child birth, the female staff is
- ◆ not to be transferred from her work place.

2.4. DISMISSAL

A staff, irrespective of sex, can be dismissed in accordance with the set service rules of the organization. But the male staff will be subject to dismissal for the following additional reason: If any male staff physically abuses or rapes a female staff and it is proved thereby, he will be dismissed immediately from his job.

3. INFRASTRUCTURAL AND OTHER SPECIAL BENEFITS

Some infrastructural and special facilities to be offered by the organization to the female staff are as follows:

a) There will be a separate guest room and toilet for the female staff in the Area Office.

b) After childbirth, for a period of one year and a half a female staff is entitled to an extra half an hour break, i.e. a total one hour break, during lunch period in order to go home to breast-feed the baby. This will be applicable for the female staff of the head office only. The transport expenses are to be borne by her.

c) While attending a training, a female participants will be allowed to bring her baby along with her to the training centre. She may also bring an attendant with her but all expenses on account of that are to be borne by her.

4. STAFF DEVELOPMENT

For staff development, CODEC sends its staff members to different universities/institutions for higher studies and provides opportunities to participate in training courses, seminars and workshops both at home and abroad. Participation of female staff in these staff development initiatives are ensured in proportion to gender-wise numerical strength in the organization. A special policy has been formulated to ensure that the female staff at the field-level are not deprived of these facilities.

5. MEASURES FOR SOLVING SPECIFIC PROBLEMS OF THE FEMALE STAFF

The management always gives the priority to solve any problem faced by the female staff.

6. VALUE AND CODE OF CONDUCT

- Gender equity is one of the core values of the organization. All staff of CODEC must cherish this value.
- There will be no gender division of work in CODEC. Opportunity to participate in all works remains equally open irrespective of gender.
- Any comment, made directly or indirectly, which may cause humiliation to the female staff, is considered as a punishable offense.
- To provide proper orientation about gender issues, the training on 'Women and Development' (offered by CODEC) has been made mandatory for all its staff members.

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ENDNOTES

¹ This was an internal study conducted by students from Chittagong University who interviewed 93 men and 89 women over three weeks August-September 1998 (Alam et al 1998).

² The definition of land/assetless is: any household owning less than half an acre of land, and the total value of family assets does not exceed the market value of one acre of land for cultivation.

³ Calculated using a proportion of staff time and overheads: In 1999-2000 calculated as 100% of credit staff at Head Office, 25% of all other programme staff from Head Office to Area level, 50% of Extension programmers at Centre level, 40% of the Centre attendants, 30% staff time of Centre Coordinators and Assistant co-ordinators plus 50% Centre overheads and 40% overhead costs of Head Office and Area Offices.

⁴ The change from declining balance to flat rate has been common in Bangladesh where over 90% of programmes now use flat rate interest, notable exceptions being Grameen Bank and Proshika. The reasons for the change are unclear, apart from accounting simplicity. CODEC's earlier received interest rate of 16% on declining balance was lower than that charged Proshika and Grameen Bank (18% and 20% respectively). The proposed 13% flat rate to CODEC is lower than that charged by BRAC (15%) but slightly higher than ASA (12.5%) (S.M.Rahman 2000). It is not known how CODEC's current rate compares with current rates for these other organizations. The interest rates quoted however exclude a range of other charges to borrowers such as service charges and compulsory share and insurance purchase.

⁵ For an excellent in-depth study of the operation of Grameen Bank in a favourable economic context see Todd 1996 and for less positive views in less favourable contexts see Khondkar 1998, Rahman 1999. For a comparison of Grameen Bank and BRAC see Hashemi et al 1996, Schuler et al 1997, 1998. For SEDP see Kabeer 1998. Many of these take up points raised by a critical article of women and credit in BRAC, the government's Rural Poor programme (RD-12), Grameen Bank and two women's NGOs: Thangemara Mahila Sabuj Sangstha and Shaptagram Nari Swanirvar Parishad (Gowitz and Sen Gupta 1996).

⁶ A DANIDA evaluation was due to be conducted in September 2000 but it is unclear how far this will consider gender issues.

⁷ Milk cow rearing with a capital cost of 8,000 Taka as credit and operating cost of BDT 500 (bare minimum) was estimated to generate only a gross income of BDT 8,640 per year (lactation period), leaving no income net of loan and operating cost unless the animal is sold. Cow fattening depended on scavenging scavenging with

marginal scientific feed supply due to lack of funds for operating cost and gave a gross margin of BDT 1,000-2,000 after one year while the monthly loan instalments are made through other income sources (NCG 1998).

⁸ Out of a total of 372 persons up to April 1994, 241 were women trained in poultry vaccinations, as traditional birth attendants, in sewing, as tube well caretakers, in rope making and in kitchen gardening. (DANIDA 1995). In 1995 an ILO-funded skills training programme 300 women trained in cattle rearing and fattening, pond fishery, vegetable growing, sewing including embroidery, traditional birth attendant, cane and bamboo crafts etc. (NCG 1995)

⁹ Of a total of 290 participants in training in 1998, 79 were female (CODEC 1998).