

# Contested Credit Landscapes: microcredit, self-help and self-determination in rural Bangladesh

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*ABSTRACT* This paper makes a methodological and political intervention in debates over microcredit. It explores outcomes of microcredit interventions in the lives of residents of Arampur, a village in rural northern Bangladesh. Using a community-based research and engagement strategy, we explore recipients' own critiques and experiences of microcredit. These experiences suggest that the cultural and economic template that many microfinance institutions (MFIs) superimpose on communities not only fails to map to lived realities, but often reinforces the very problems that MFIs claim to address. Microcredit and other 'self-help' development strategies operate through idealised notions of poverty and rural life. We ask how restoring the voices of recipients to debates that seek to shape their futures could transform such interventions. In conclusion, we explore the ongoing debate over microcredit in Arampur and reflect on how re-rooting debates over development in specific places might move such debates from questions of 'self-help' to grounded and historicised projects of self-determination.

On 10 December 2006, the Grameen Bank and its founder, Muhammad Yunus, were awarded the Nobel Peace Prize for 'efforts to create economic and social development from below'.<sup>1</sup> The Bank's microcredit branches had spread throughout Bangladesh and become a blueprint for microfinance providers in that country and around the world. The award, following on the 2005 United Nations International Year of Microfinance, marked, according to the World Bank, microcredit's coming of age: namely, the global recognition of its import and centrality to poverty alleviation.<sup>2</sup> For Yunus this award was more than the recognition of a seemingly successful economic development intervention. It was recognition of microcredit's profound transformative impact on its borrowers. 'I have received endless messages from around the world, but what moves me most are the calls I get almost daily from the borrowers of Grameen Bank in remote Bangladeshi villages,

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who just want to say how proud they are to have received this recognition', Yunus observed in the opening lines of his Nobel Lecture. 'All borrowers of Grameen Bank are celebrating this day as the greatest day of their lives.'<sup>3</sup>

Yunus's remarks, as well as the Nobel Committee's decision to award the Peace—as opposed to Economics—Prize, signalled microcredit as a profoundly cultural intervention that transforms social norms, values, meanings and practices.<sup>4</sup> As the logic went, this intervention in the lives of the rural poor created peace through economic inclusion, compared with the violence of more radical forms of organising for social change. The Prize, as such, was not just for Yunus and the Grameen Bank. 'This year's prize gives highest honour and dignity to the hundreds of millions of women all around the world who struggle every day to make a living and bring hope for a better life for their children.'<sup>5</sup> In other words, microcredit was a vehicle through which the poor could claim their place in global society, a mechanism through which cultures of poverty could be transformed into cultures of dignity and pride.

Against the embrace of this global narrative, this article explores the implications of microcredit's cultural and economic intervention in the lives of borrowers in rural Bangladesh. As the international donor community celebrates the transformative power of microcredit, organisations in countries like Bangladesh continue to rapidly adopt microfinance as a, or often *the*, primary development intervention. Yet recent critiques suggest that microcredit in Bangladesh, and elsewhere, is failing to achieve its promises.<sup>6</sup> Our work contributes to this critical re-evaluation. We build upon critiques of microcredit's centrality to the neoliberal development project and studies that highlight gaps between microcredit's public transcripts and practised realities.<sup>7</sup> Beyond these important studies we seek to make a methodological and political intervention in debates over microcredit and discussions of the articulation between development and culture more broadly. We explore the implications of using community-based research and engagement strategies to re-centre the debate over credit within locales that are the target of microfinance institutions (MFIs). This intervention is methodologically important because it provides critical insights into the ways that the cultural and economic effects of microcredit are experienced, suffered and contested in particular contexts. Moreover, the intervention has important political implications insofar as it restores the voices of recipients to debates that seek to determine their futures.<sup>8</sup> This process of inclusion promises to shift the debate over culture and development away from questions of 'self-help' and towards discussions of self-determination. As such, it signals a shift from idealised notions of culture and poverty towards situated struggles that foreground the voices, ideas and strategies of those who are development's 'subjects'.<sup>9</sup>

The article is based on extended work in a village we call Arampur in rural northern Bangladesh. In 2007 we began exploring recipient experiences with microcredit using an approach we call community-based oral testimony (CBOT). In this approach we worked with a group of 10 landless labourers living in Arampur, training them in qualitative research techniques and

developing a co-operative research agenda that mapped to specific concerns within the village. These community researchers then carried out fieldwork in their community, conducting semi- and unstructured interviews with 150 recipients of microcredit loans (representing 10% of total households in Arampur) over multiple sittings, and recording these discussions using digital audio recorders. These interviews form the basis of much of this article. Yet the results of this study were not solely confined to the raw production of 'data'. The discussions initiated in the research process and the ongoing dialogue around the results have begun a sustained debate in Arampur over MFI practices and community-level responses to them.

The article is an exploration, then, of the contested development landscape of Arampur. We use the term 'landscape' to signal that our critique is situated within Arampur's social, cultural and political context. As Moore observes, 'contemporary analyses [often] eclipse the micro-politics through which global discourses are refracted, reworked, and sometimes subverted in particular localities'.<sup>10</sup> An understanding of microcredit's impact, we argue, cannot be reduced to an abstract set of social indicators and must be understood in articulation with a range of other concerns that are part of daily life within Arampur. We also see these contested landscapes as fertile ground for rethinking some of the assumptions of neoliberal development. As others have shown, the specific and idealised appropriations of culture within neoliberal development discourse leave little room for understanding meanings or contestations rooted in particular places and contexts.<sup>11</sup> Our contribution to this discussion is, first, to illuminate a case and an approach to renegotiating this relationship through community-based dialogue and, second, to show how re-rooting inquiry itself within communities uncovers a number of relationships that are not immediately apparent even from more ethnographic perspectives on development.

### Cultures of self-help

Microcredit has emerged over the past 25 years as a central feature of post-structural adjustment development. Microcredit, microfinance and their supposed object, micro-enterprise, form the backbone of a turn towards 'self-help' development that envisions the poor as untapped, potential economic players. This logic holds that, rather than providing 'hand-outs' which supposedly undermine self-sufficiency, assistance is best delivered through loans that eliminate barriers to market entry and teach the discipline of entrepreneurial economic participation. 'Self-help' development strategies, like other development projects that precede them, claim to help the poor 'help themselves'.<sup>12</sup> They 'accomplish' this by empowering individuals to integrate themselves into market economies. This neoliberal vision of poverty reduction makes a series of assumptions about the nature of poverty and market participation.<sup>13</sup> The market is conceived of as a fundamentally egalitarian space of economic engagement within which anyone who has access to capital can succeed through hard work.

Poverty is simplified to a condition, primarily, of capital-constraint.<sup>14</sup> Simultaneously the informal sector is reconceived not as a problematic space outside the regulated market, but as the new frontier of capital accumulation and production.<sup>15</sup>

As much recent scholarship notes, self-help development engages with questions of discipline and regulation differently from 'top down' development models such as the policies and prescriptions of the Washington Consensus. It regulates not through the state or through international institutions, but through market principles enforced at both global and, importantly, local scales.<sup>16</sup> Actors within communities become the mechanism through which loans are governed rather than the often 'corrupt' and 'unpredictable' institutions of police, local government and courts. Participants are policed through what Karim calls 'political economies of shame' and obligation by actors within communities and lending groups.<sup>17</sup> In other words, regulation is transferred to the cultural contexts within which programmes operate. As Elyachar points out, 'Indebting culture remains significant as a mode of discipline that bypasses usual relations between citizen and state'.<sup>18</sup> Through this reconfiguration of rights, obligations and control, self-help development constitutes the production of social as well as economic contracts.

Neoliberal development strategies, and microcredit in particular, mark new forms of discipline and governmentality.<sup>19</sup> These strategies of control share similar goals, yet are constituted differently in particular contexts. In Bangladesh, beyond reconfiguring specific practices of regulation and control, self-help programmes construct a vision of rural poverty within which loans can be deployed as innovative and rooted strategies for social and economic uplift.<sup>20</sup> As our evidence suggests, this vision and the interventions it facilitates displace local practices and coping strategies, re-inscribe local hierarchies within a normative global institutional valence, and level geographic and environmental specificities that are themselves constitutive of lived conditions of poverty and rural life.

The vision is exemplified by the Grameen microcredit model, which is significant both for its broad reach within and beyond Bangladesh, and because it has become central to the global imagination of microcredit. The logic of the model is to create social change by harnessing the conditions that are inherent in rural life in order to help the poor enter the global marketplace using their own tools and strategies. As Yunus writes of Grameen's origins, 'These policy experts wanted to make credit so difficult that only skilled farmers and artisans would dare to borrow money. I, on the other hand, wanted to make it easier for people so that they would be encouraged to pay back their loans'.<sup>21</sup> In this vision, 'the poor' are ready to be active economic participants if only programmes can be produced that are simple enough for them to access, 'understand' and engage. The Grameen model accomplishes this by streamlining financial services and eliminating bureaucracy that supposedly complicates relationships between borrowers and lenders and prevents the poor from accessing credit.

A primary indicator of this model's success is Grameen's famously high (98%) repayment rates. This measure rests on the claim that recipients repay their loans because they know that doing so is the only way to get new loans, and because purchase of productive assets with their loans will increase household income at a rate that will keep repayment unburdensome. For Grameen and many MFIs worldwide, repayment rates thus become accepted proxy measures of impact.<sup>22</sup> Although the primary indicator of success is financial and accounting-based, Grameen claims a dramatic social as well as economic impact. Yunus writes: 'To succeed in Bangladesh, in many ways we have had to struggle *against* our culture. In fact, we have had to create a counterculture that values women's economic contribution, rewards hard work, and punishes corrupt practices'.<sup>23</sup> This counterculture, framed as a struggle against illiberal elements of 'difference', is produced through the linked mechanisms of financial discipline and group membership.<sup>24</sup> The Grameen model lends to women organised into 'loan groups' of five. These women ensure that they each adhere to strict weekly repayment schemes. Failure of one woman to meet repayment schedules can affect the ability of the group to get subsequent loans. The group thus acts as a strong deterrent to missing even weekly repayments.<sup>25</sup>

Yunus argues that financial discipline through group membership *itself* leads to the empowerment of participants and the subsequent elimination of culturally odious practices, such as *pardah*.<sup>26</sup> Yet social transformation is not produced through financial discipline alone. Group members recite a list of 16 'Decisions' at the beginning of each meeting which are intended to re-enforce commitments to adhere to the discipline of the loan and to a series of social 'improvements', such as securing proper housing, rejecting dowry practices, planting crops to ensure prosperity, and building pit latrines for their households.<sup>27</sup> The 16 Decisions are claimed as both mechanisms for and evidence of sociocultural transformation and the production of good economic and civic subjects.

The Grameen model thus exemplifies what Elyachar calls the practice of rooting discipline in culture.<sup>28</sup> Our findings suggest a range of ways that this process itself has caused hardships within Arampur. Yet there are several other salient features of the Grameen model that also produce tension, insecurity and disruption within communities. The Grameen Bank, and MFIs more broadly, have indeed done much to streamline access to financial institutions for the poor. Yet, in doing so, they have eliminated a number of safeguards and apparatuses from the system which, at least theoretically, exist to protect borrowers from lending institutions, including legal oversight and formal grievance mechanisms. In Arampur there exist no institutional mechanisms to ensure that lending and collection practices operate even on a 'do-no-harm' level.<sup>29</sup> Yet more importantly, the Grameen model imagines a landscape of poverty and rural life that is not only highly idealised but is unable to address or adapt to the lived realities of communities like Arampur. The imagination of poverty as a condition of cash constraint and its culture as a terrain of illiberal and repressive practices that can be addressed through economic inclusion fails to see impoverishment itself as located in a set of

meanings, assumptions and contexts. Residents of Arampur emphasised how the overlaps of this idealised vision with lived experience produce new forms of exploitation, misery and control. Most significantly, for our purposes, this model's idealised notion of the poor precludes the possibility of dialogue, negotiation and co-operative imagination in particular localities and contexts.

Such concerns are particularly critical in light of the rapid and large-scale expansion of MFIs in Bangladesh. The scope of these institutions cannot be reduced to the Grameen model alone. Indeed, many organisations, such as BRAC (formerly the Bangladesh Rural Advancement Committee) and ASA have their own distinct approaches to microcredit. Yet the international fame and success of Yunus and the Grameen Bank have undoubtedly spurred the broad adoption of microcredit within Bangladesh. In part because of its global recognition, most MFIs operating in Bangladesh explicitly or implicitly adopt some or all of the model's organisational tenets, vision, indicators and rhetoric.<sup>30</sup> Further, the financial success of the Grameen model has attracted many international donors and donor organisations to microcredit projects within Bangladesh. Today Bangladesh is more saturated with MFIs than any other country. Between 2001 and 2006 the number of borrowers from microcredit NGOs alone—not including government banks and public banking institutions such as Grameen—increased by 60% to 20.5 million members and the total cumulative disbursement of all MFIs in Bangladesh increased by 166% to over 1.1 trillion taka (roughly \$16 billion). The loan portfolio in 2006 for NGOs alone represent almost \$1 billion. As of 2006 there were 611 registered NGOs providing microcredit in Bangladesh.<sup>31</sup> As microcredit has increased in popularity with funders, it has become relatively easier to fund microcredit projects in Bangladesh than other kinds of programming.<sup>32</sup> Not only are many new NGOs forming specifically to deliver microcredit, but organisations are increasingly pressured to shift their programming towards microfinance.<sup>33</sup> It is against this backdrop that we frame our discussion of microcredit in Arampur.

### **Systems of credit, cultures of insecurity**

Findings from Arampur contribute to and affirm studies reassessing microcredit's transformative power in rural Bangladesh. Yet community-based research also yielded a number of surprising findings that highlight the ways that microcredit is embedded within a broad spectrum of social, cultural, economic and ecological realities. This is in part because the results emerged from discussions between recipients, as opposed to being mediated by an outside researcher. Respondents repeatedly highlighted the relational nature of microcredit by 1) locating it against a broader local credit system; 2) contextualising it alongside regional ecological and labour issues; and 3) discussing the impact of loans on gender, intergenerational well-being and dowry. Such framings extended beyond narrow measures of 'empowerment' and proxy indicators of programme success. Residents, in conversation with their peers, repeatedly emphasised that the cultural intervention of self-help

programming in Bangladesh does indeed transform norms, values, meanings and practices. Yet the outcome of these transformations displaces local practices and reinforces many of the institutions that microcredit nominally seeks to transform.

In Arampur, eight different MFIs serve a village of some 1500 households.<sup>34</sup> It is common for households to have upwards of four loans at any given time.<sup>35</sup> In this context, as one respondent described the situation, recipients find themselves in positions of greater dependency, reduced self-sufficiency and indebtedness through microcredit participation.

How could there be any change or improvement in our lives? One person owes four or more organisations at a time and has to pay instalments every week. They take loans from one organisation to repay the loans of the other organisations. Their financial condition keeps deteriorating. They can't even eat as much as they could before. They can't even think of having nutritious food and clothes due to the tension of making repayments.

Beyond what might be described as programmatic shortcomings or even failures, the conditions of indebtedness heralded by the influx of MFIs into Arampur have undermined livelihoods and increased insecurity. This situation is compounded by the influx of more MFIs. Indeed, recipients suggest that not only are other institutions ready to offer them loans to pay back old debt, but that loan officers often encourage their clients to take out loans from 'competing' institutions to meet repayment schedules.

Microcredit organisations offer programmes with distinct services and terms. Yet residents speak of MFIs collectively as part of a broader terrain of debt within Arampur. Little distinction is made between different programmes. Residents simply speak of 'microcredit' or more often of 'NGOs'. Such language is suggestive not of a failure by recipients to understand different financial services. Rather, it points to the ways such distinctions are erased within the broader systemic experience of credit and debt within Arampur.<sup>36</sup>

If debt is experienced as a system in Arampur, this system is not solely comprised of MFIs. Also critical to experiences of indebtedness in Arampur are *mohajans*, or village moneylenders. These moneylenders famously charge enormous interest rates, often in excess of 100% over the course of the loan.<sup>37</sup> Despite the overwhelming presence of MFIs, *mohajans* continue to operate in Arampur.<sup>38</sup> Many respondents suggested that they preferred loans from *mohajans* because of their ability to provide terms that map to local conditions. As one observed, 'the *mohajan* is better. I take loans from him without any hassle. I don't need to think about repaying his money for one month. But there are a lot of hassles with the NGO. You have to be its member, learn the 16 Decisions and keep up with the instalments tightly'. Beyond ease of use, many observed that, although they charge high interest rates, *mohajans* provide loans that conform to the agricultural realities of Arampur. 'We used to take loans from the *mohajans* to cultivate crops.

We paid the loans by selling the crops at the end of the harvest, or if there was a delay, we would ask them for more time and they would allow us to pay them back later. But these NGOs are not that flexible. They take the instalments at any cost’.

Perhaps more than any other figure, *mohajans* represent the cultural institutions against which MFIs claim to work. Indeed, in Yunus’s writing, *mohajans* symbolise the established cultural norms that have kept the poor from realising their economic and social potential.<sup>39</sup> The experiences of residents in Arampur complicate this narrative. Respondents never suggested that the practices of *mohajans* were not *also* exploitative and usurious. However, since debt is a constant in people’s lives, tailoring lending services to local realities, at least in some instances, yields practices that may better serve recipient needs.

Yet more notable than the persistence of *mohajans* is the intertwining of MFIs and rural moneylenders into a single system. Residents spoke of informal links between these institutions more often than marked differences. As one borrower explained, ‘If I owe 1000 taka but I don’t have any money to make my payment, I go to the *mohajan* to repay the NGO loan. After repaying the NGO loan, I take another loan from them to repay the money I took from the *mohajan*. This is how we manage the NGO and the *mohajans* together’. Such statements belie suggestions that the rural poor are unable to understand complex credit structures. But while this may constitute a manipulation of the credit system in Arampur, it ultimately deepens cycles of debt and dependency not just on microcredit, but on *mohajans* themselves. Indeed, residents suggested that the business of *mohajans* had grown rapidly since the introduction of microcredit to the village. MFIs are not, therefore, replacing village moneylending systems; they are tacitly inscribing debt to *mohajans* within debt systems, with global implications.

As residents emphasise, and the persistence of and preference for *mohajans* confirms, MFIs are inflexible to local conditions that are part of life not just in Arampur, but throughout North Bengal. Failure to tailor loan repayment systems to agricultural cycles is one example of this. A potentially more serious example is the failure to adapt programmes around *Monga*, a seasonal hunger that falls between the two annual rice harvests. During this period landless families who rely primarily on agricultural labour face difficulties in securing enough employment to provide food. As one respondent described it:

During *Monga*, for three months, we meet our need for food with a loan. Becoming indebted to microcredit loan programmes, we struggle through these disasters. But if any member of this loan programme is not able to pay an instalment in time, just after the deadline, NGO workers come to her house and ask for it very inhumanly. They force us to pay at any cost.

Many residents echoed this concern, observing that, during *Monga*, many were forced to take out loans for consumption purposes, which they subsequently struggled with or were unable to repay. Indeed, many observed



that they avoided taking microcredit loans *at all* until they were forced to support their families with one during *Monga*. While government relief programmes such as the Vulnerable Group Feeding Programme (VGF) are meant to provide assistance during *Monga*, such programmes rarely provide enough support to adequately address shortfalls.<sup>40</sup> The cycles of indebtedness that often begin during annual crises such as *Monga* leave recipients more insecure with each *Monga* season. Where MFIs could provide emergency grants, temporary loan forgiveness or subsidised food, they stick to rigid repayment structures. Indeed, many residents seemed bitterly to suggest that *Monga* provided a way for MFIs to further indebt them.

This lack of flexibility causes difficulties for recipients in and outside the context of seasonal hunger. As one respondent described the situation: ‘Say I tell the field officer “I can’t give you the instalment today, my child is sick”. And then I bring the doctor to my house. Then the field officer comes and says “why can you buy medicine for your child, but you can’t give me the instalment?”’. The adherence to a strict repayment schedule and to the financial discipline of weekly repayment forces many recipients deeper into debt. This condition worsens as more MFIs enter Arampur and residents struggle to meet more and larger weekly repayments.

These pressures lead to regular shortfalls, which, in turn, often lead to unauthorised, though tacitly accepted, asset confiscations. One woman, a landless labourer, shared a story of such a confiscation. She had been ill and unable to work to earn a day wage. She asked for a week-long extension in her payment schedule and was refused. ‘Then they sent a message to other field officers in town to seize my husband’s rickshaw. When they found him, they stopped him, and told him that he could get the rickshaw back when he repays the instalment. Then it was even harder! We had nothing to eat, and yet we had to somehow find the money to pay them back’. Such asset confiscation is driven by donor pressure to maintain high repayment rates. These pressures create incentives for field officers to use *any* practice to recover loans. Villagers in Arampur described physical and sexual abuse by male field officers, as well as frequent repossession of assets when borrowers were unable to repay. It is common practice to take the tin roof off of the home of a non-paying borrower in order to sell the sheet metal to repay the loan.<sup>41</sup> Other confiscated assets include pots and pans, furniture, rice and pulses, and other productive assets such as agricultural tools. The confiscation of such assets deprives borrowers of the very tools they use to generate income to repay their loans. As many respondents point out, this drives them deeper into cycles of debt, requiring them to borrow from family members, *mohajans* or other MFIs. As Fernando has observed, the relationship between borrowers and field officers is overwhelmingly shaped by the imperatives to repay loans, ‘so much so that repayment takes precedence over the investment itself’.<sup>42</sup>

Residents argue that microcredit has displaced other social safety nets and coping strategies. For example, women in Arampur described a longstanding strategy of saving a handful of rice from weekly rice purchases and storing this in a community chest. This community

savings mechanism served as a local food bank that could provide some amount of relief for individual and community-level crises such as *Monga*. Such practice speaks to histories of co-operative coping strategies indexed to older moments of crisis.<sup>43</sup> It suggests ways that women have long engaged in projects to assert control and self-sufficiency in the face of hunger. Arguably such practices constitute already existing forms of empowerment, yet pressure to meet weekly repayment schedules, according to residents, has virtually eliminated this strategy of collective survival. Women are forced to purchase less or sell leftover rice. Such strategies might be easily supported and sustained through microcredit loan groups.<sup>44</sup> Yet, rather than supporting such projects of asserting dignity, pride and ownership, microcredit in Arampur has undermined them.

### Claiming empowerments and disempowerments

A fundamental problematic within the microcredit debate remains the 'empowerment' of women. The notion of empowerment is vague and fungible, often deployed by MFIs to mean different things in different contexts.<sup>45</sup> But empowerment is more than an imprecise measure of social transformation. It undergirds the notion of self-help development. As Elyachar observes, 'the notion of empowerment became an important underpinning to neoliberal programs that "respond to the sufferer as if they were the author of their own misfortune"'.<sup>46</sup> Claims about empowerment often elide ways that such strategies themselves author schisms and hardships for women engaging in microcredit programmes.<sup>47</sup> In Arampur women have experienced the brunt of both the problematic collection strategies of MFIs and the hostility of opponents of microcredit within the community.<sup>48</sup> The vicissitudes of MFI membership have thus made women subject to a range of vulnerabilities and exploitations. The experiences of recipients in Arampur do not definitively answer the question of whether microcredit is empowering or not. Yet they do cast considerable doubt on strong assertions of microcredit's empowering potential that are central to the global imagination of microfinance. As importantly, the experiences of recipients raise questions about the impact of microcredit on issues such as dowry which are often subsumed within the empowerment debate.

Microcredit continues to be an ongoing point of tension in the gender politics of Arampur. One woman observed:

Women are in so much trouble now. They have to deal with all of the hassles of the repayment of microcredit loans. MFI workers don't go to the husband for the loan instalments. They go to the wife, as she's the one who took the loan. Thus women have to tolerate the torture from both their husbands and the NGO workers. They are now under tremendous pressure.

Many women describe this increasing financial pressure as a constriction of choice and options, rather than as an expansion of them. Loans are often

spoken of by recipients as things that they are compelled to take, either through pressure from family members or because of necessity in times of crisis, even though they are often not the primary users of loans. Many female respondents said that, if their families were not struggling financially, they would not have to take microcredit loans and would maintain *purdah*. Others who worked outside the home said that if their families ever became financially stable enough to support themselves on only their husbands' income, they would stop working. To women in Arampur, whether or not they leave their homes to work or participate in microcredit programmes (or are forced to do so through financial necessity) seems to have a more complicated relationship to their own sense of empowerment than MFIs often suggest.

If empowerment and its presence or absence within Arampur is a murky and contentious question, what does seem clear is that the introduction of loans into women's lives does not, in and of itself, lead to more household bargaining power or scope for financial decision making. As one woman described the situation, 'My husband said that he would pay the instalments. He also said that if I didn't take a loan, I was not a good wife. He said that I had to do it to help the family, and that I was worthless. He abused me in this way'. Many report that MFIs require the presence of a male household member in order to guarantee the loan.<sup>49</sup> Many others report that their husbands, or other male household members, pressured them into taking a loan. Many respondents described not only being held responsible for finding ways to meet the costs of weekly loan repayments, but also being liable for the loans if their husbands defaulted. Women thus often become conduits for, rather than controllers of, credit.

Looking beyond narrowly defined problematics of empowerment, many microcredit advocates have suggested that the indirect benefits of micro-finance are intergenerational, as increased income streams from productive use of loans have dramatic impacts on child healthcare, nutrition and education.<sup>50</sup> Such issues are indeed critical to recipients in Arampur, yet the pressures of repayment often have negative effects on standards of living, requiring borrowers to prioritise loan payments over a broad range of other needs, including school supplies and nutritious foods for their children. As one respondent observed:

Education requires a lot of things. If we send children to school, they need money or books, notebooks, pencils, pens, examination fees and many other things . . . But where will we get money? We cannot give it to them even if we have money in pocket as we have to pay a loan instalment the day after tomorrow.

A number of borrowers reported taking their children, especially girls, out of school in order to continue making loan payments. Even more recounted their children going hungry the night before a loan payment was due, when they could not afford both food for the family and the following day's payment.

Key to the social transformation and the empowerment agenda of microcredit are moves away from practices such as dowry. Yet dowry continues to be an issue of great concern for recipients in Arampur. Rather than eliminating dowry practices, community researchers and the recipients they interviewed argued that microcredit was effectively reinforcing dowry practices in the village. As one respondent observed, 'My daughter is coming of age. How will we get her married? So many things need to be given . . . . Everything needed to set up a house. In some cases 50 000 taka [about \$720] is not enough. I expect I will need to take a loan again.' Recipients argue that the ready availability of loans within Arampur has had the paradoxical effect of inflating dowry prices. Many cited dowry rates dozens of times greater than only one or two generations previously. Numerous respondents reported that they had used their loans to pay for their daughters' dowries, often requiring multiple loans from different MFIs to cover the costs. Respondents recounted stories of women who, after spending a year or more in their in-laws' homes after their marriage, were sent back to their parents' homes with demands to take another microcredit loan as additional dowry.

#### **Re-rooting development: from self-help to self-determination**

The voices of recipients in Arampur are central to processes of rethinking microcredit because they intimately embed the lived effects of loan taking within broader processes that constitute daily life in rural northern Bangladesh. Our point in foregrounding these voices through this research methodology is to call attention to the lived experiences and problems related to loan taking in Arampur, as opposed to responding to abstract framings of social or economic impact. Yet it is also, and more importantly, to call attention to the ways that taking recipient experiences, perspectives and critiques seriously can be a starting point for rethinking development practice. Recipient insights that microcredit is constitutive of a broader landscape and system of debt within Arampur also highlight ways that incorporating such insights into programming decisions could inform different lending programmes that might better suit the conditions and contexts of impoverishment in particular places.

Recipient articulations of their own socialities, critiques of gender politics and imperatives linked to loan taking, and narratives of daily experiences and negotiations in homes and communities add critical texture to questions of empowerment. Exploring shifting perspectives on *purdah* in Bangladesh, Feldman writes: 'women not only are always in the process of constituting their place within the social order but are constituent partners . . . of contingent circumstances and relations, of processes that are always emergent and never given a priori'.<sup>51</sup> Seeing practices such as *purdah* as a choice, as opposed to purely cultural impositions, opens up the possibility of imagining development scenarios where women are central to constructing their own visions of empowerment and social change. Taking preferences seriously, as opposed to simply imposing a different behavioural valence,

might transform notions of empowerment, grounding them in constructions of women's agency and experience that attend both to broader historical legacies and locally constituted experiences. It would imagine them as, themselves, cultural actors drawing upon multiple trajectories and histories of 'empowerment'.

By creating development interventions that directly address issues that individuals and communities themselves have identified, practitioners stand a better chance of avoiding the exacerbation of the problems they seek to ameliorate. As such, we suggest that these narratives be read as active critiques of a system that attempts to impose an ill-fitting vision of culture onto a complex and fluid social arena. Yet we also wish to emphasise that the discussions around microcredit in Arampur constitute more than just critique.

Before this research project began, and since its conclusion, residents have regularly expressed their frustrations with injustices of loan collection practices by engaging MFI field officers in debate and occasionally holding them hostage in houses that the officers were in the process of dismantling. The dialogues initiated in this research have raised broader questions within the community about how and whether recipients of microcredit loans can become active participants in re-imagining and reshaping lending processes at the local level. Such discussions emerge as struggles to reclaim the terms and strategies of development.

While there are, as yet, no conclusive answers to such questions, ongoing discussion around microcredit in Arampur does suggest that engaging in dialogues at community levels can be a jumping-off point for renegotiation, contestation and collective action. Since the initial phase of this work was completed and findings shared with residents in 2008 and 2009, the community researchers engaged in the initial work have begun hosting dialogues within Arampur to discuss the findings and imagine ways in which they might translate them into change. The initial study surveyed only a subset of the community, but these dialogues have become a forum for other community members to share their similar experiences and frustrations. Individuals, independently or in small groups, have resisted and continue to resist oppressive collection practices. And, through discussion and debate, residents have come to see their individual struggles with microcredit not as a series of isolated personal problems, but rather as systemic issues with the overlap between microcredit's vision of entrepreneurial participation and lived realities in Arampur. This discussion, we believe, constitutes a shift from self-help towards self-determination, a more dialogical and engaged notion of self that situates debates over development both in particular historical and regional contexts and grounds social change in the ideas, aspirations, critiques and challenges of individuals within communities.

What the outcomes of this move will be remains an open question. The community researchers report that residents of Arampur overwhelmingly agree that the system must change. Yet they remain cautious about engaging MFIs to accomplish this. Residents recognise that they are in structurally insecure positions within Arampur's contested development landscape.

They have little recourse to state institutions such as the police or courts to resolve issues if conflicts arise. Many voice fears that MFIs facing criticism from within the community will simply withdraw their services and abandon Arampur, leaving residents in debt and without access to other supporting services.

Developing community consensus is a slow and ongoing process. What is more, it remains unclear as to whether residents will respond through disruptive power or through measured dialogue, or if such actions can bring about a transformation in lending strategies and visions.<sup>52</sup> Thus far, the debate has focused on questions of how to transform or renegotiate relations with MFIs, rather than on the question of whether microcredit is an appropriate response to questions of debt and credit access in Arampur. The limits to such discussion raise questions about whether the debt landscape in rural Bangladesh has limited and transformed political imaginaries.<sup>53</sup> However, the community engagement process does allow for discussions that go beyond the issues that are purely linked to MFIs. It questions the ways that community members and social norms are complicit in supporting often-draconian collection practices. The process of discussing the ways that women who take loans within the community are discriminated against, or how loan groups participate in violence against members struggling to make repayments, opens the possibility for changes in practices within Arampur.

Community debate and discussion offers ways of building social solidarity by shifting the debate over development from self-help to self-determination. Such discussions do not solely articulate with microcredit, but rather resituate it within broader histories and trajectories of power. If the outcomes of this strategy are, as yet, unclear in Arampur, they do offer clues as to the ways that communities might engage translocal institutions and negotiate with them based on their needs.

Nevertheless, we do not wish to suggest that community engagement offers the only alternative to self-help development. Despite the overwhelming embrace of self-help and other neoliberal development programmes, alternatives to microcredit as 'the' solution in rural Bangladesh certainly exist. One such alternative lies in groups such as Nijera Kori, an organisation that supports landless labourers in advocating and organising for their rights.<sup>54</sup> The work of Nijera Kori, which translates from Bengali as 'we do it ourselves', is grounded in a logic of self-determination which aims to support communities and individuals in organising to determine the kind of futures and conditions they wish to achieve. Rather than overwriting presumed problematic local practices, Nijera Kori capitalises on the extant possibilities within communities for developing collective solutions to a range of social, political economic and environmental problems. Whereas self-help development programmes displace community coping mechanisms, Nijera Kori seeks to reclaim questions of pride and dignity by supporting grounded engagements with the specific conditions of poverty and vulnerability in particular places. Recent studies of Nijera Kori's impact suggest that members who are engaged in processes of debate, conscientisation and collective action are more able to engage effectively and utilise development

programmes such as microcredit.<sup>55</sup> Another way to state this claim is that organisations that support participatory self-determination help to create conditions under which loans can be utilised more on the terms of the borrower and less on terms grounded in idealised visions of entrepreneurial success.

In this sense we do not wish to conclude that microcredit cannot or does not, in certain circumstances, provide critical and timely access to capital. Rather, we advocate strategies that root development programmes in local conditions and cultural practices, that engage recipients in the design and evaluation of programmes that claim to help them, and that begin from the standpoint of questioning needs rather than assuming solutions. This point is, of course, far from unique.<sup>56</sup> Yet it is no less urgent in rural Bangladesh, where the overwhelming adoption of self-help development threatens to further deepen conditions of dependency, debt and insecurity.

### Conclusion

In this article we have explored recipient perspectives on the outcomes of a specific cultural intervention in Bangladeshi rural life. The idealised vision of poverty constructed by the Grameen Bank and other self-help microcredit providers is problematic not because it fails to map to rural culture 'as it truly is'. Rather, the collision between this vision and lived experiences in places like Arampur creates new and exploitative development landscapes. Within these landscapes, longstanding coping strategies are displaced, normative visions of culture are imposed in the name of empowerment with little attention to choice or preference, and the very institutions that self-help seeks to eradicate are reincorporated into broader systems of debt and poverty.

That development interventions have 'unintended outcomes' which often fail to benefit those they serve is unsurprising.<sup>57</sup> However, exploring the articulation between claimed interventions and specific outcomes is critical to understanding the myriad and heterogeneous ways that culture is deployed and contested in the service of development. Mosse, reflecting on the tension between instrumental and critical writings on development, suggests that both approaches have 'blocked the way for a more insightful ethnography of development capable of opening up the implementation black box so as to address the relationship between policy and practice'.<sup>58</sup> Our 'critical' reading of self-help has, admittedly, focused on the gap between policy and impact from the perspective of recipients. But exploring the focal points at which cultural interventions clash with, transform and are transformed by lived practices also, we suggest, opens important questions about implementation, measurement and the articulation between programmes and the complex contexts in which they are deployed. It further raises questions about the ways that ethnographies of implementation and impact might be carried out by the 'subjects' of development themselves and how such practices can be constitutive in imagining new, synthetic approaches to poverty alleviation. This suggestion is not to naively deny the complex power dynamics within communities or to assume that participatory and community-based

development itself does not produce its own set of exclusions.<sup>59</sup> Rather, it is to suggest that focusing on the ways that communities engage interventions such as self-help development can provide new ways to both understand and work beyond them.

## Notes

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- 1 [http://nobelprize.org/nobel\\_prizes/peace/laureates/2006/press.html](http://nobelprize.org/nobel_prizes/peace/laureates/2006/press.html).
- 2 World Bank, 'Microfinance comes of age', 2006, at <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21153828~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>.
- 3 M Yunus, 'Nobel Lecture', 2006, at [http://nobelprize.org/nobel\\_prizes/peace/laureates/2006/yunus-lecture-en.html](http://nobelprize.org/nobel_prizes/peace/laureates/2006/yunus-lecture-en.html).
- 4 Our claim is not that economic interventions are not cultural, but that institutions such as the UN and Nobel Prize Committee continue to imagine them as discrete. See the introduction by D Da Costa in this issue.
- 5 Yunus, 'Nobel Lecture'.
- 6 For Bangladesh, see QK Ahmad (ed), *Socio-economic and Indebtedness-related Impact of Micro-credit in Bangladesh*, Dhaka: University Press Limited, 2007; J Fernando, 'Nongovernmental organizations, micro-credit, and the empowerment of women', *Annals of the American Academy of Political and Social Science*, 554, 1997, pp 150–177; L Karim, 'Demystifying micro-credit: the Grameen Bank, NGOs, and neoliberalism in Bangladesh', *Cultural Dynamics*, 20(1), 2008, pp 5–29; and A Muhammad, 'Grameen and microcredit: a tale of corporate success', *Economic and Political Weekly*, XLIV(35), 2009, pp 35–42. For other places, see D Karlan & J Zinman, *Expanding Microenterprise Credit Access: Using Randomized Supply Decisions to Estimate the Impacts in Manila*, Working Paper, 2009, at <http://www.dartmouth.edu/~jzinman/>; and C Duggan, *Doing Bad by Doing Good? Theft and Abuse by Lenders in Inadequately Regulated Microfinance Markets*, Harvard Business School Working Paper Series, No 10-014, 2009.
- 7 For scholarship on microcredit as formative of neoliberal development, see K Rankin, 'Governing development: neoliberalism, microcredit, and rational economic woman', *Economy and Society*, 30(1), 2001, pp 18–37. For essays on gaps between policy and practice, see G Wood & I Sharid (eds), *Who Needs Credit? Poverty and Finance in Bangladesh*, Dhaka: University Press Limited, 1997; and L Mayoux, 'Tackling the downside: social capital, women's empowerment and micro-finance in Camaroon', *Development and Change*, 32, 2001, pp 435–464.
- 8 See Sengupta in this issue on ongoing erasures of voice and agency of the poor in popular representations where slums are reproduced as spaces of inhumanity and hopelessness in need of external assistance.
- 9 D Moore, *Suffering for Territory: Race, Place, and Power in Zimbabwe*, Durham, NC: Duke University Press, 2005.
- 10 D Moore, 'The crucible of cultural politics: reworking "development" in Zimbabwe's Eastern Highlands', *American Ethnologist*, 26(3), 2000, p 655.
- 11 Compare with J Elyachar, *Markets of Dispossession: NGOs, Economic Development, and the State in Cairo*, Durham, NC: Duke University Press, 2005; T Li, *The Will to Improve: Governmentality, Development, and the Practice of Politics*, Durham, NC: Duke University Press, 2007; essays in J Fernando (ed), *Microfinance: Perils and Prospects*, New York: Routledge, 2005; and A Ong, *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty*, Durham, NC: Duke University Press, 2006.
- 12 The literature on self-help development is vast, but see CK Prahalad, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits*, Philadelphia, PA: Warton School Publishing, 2006.
- 13 Compare with B Rogaly, 'Micro-finance evangelism, "destitute women", and the hard selling of a new anti-poverty formula', *Development in Practice*, 6(2), 1996, pp 100–112. For continuities between colonialism, modernisation theory and neoliberalism, see Da Costa, 'Introduction', in this issue.
- 14 Proponents of self-help development recognise that a lack of basic needs characterises poverty, but argue that, through market participation, the poor will be able to purchase better services than could be provided via 'charity'.



- 15 J Elyachar, 'Empowerment money: the World Bank, non-governmental organizations, and the value of culture in Egypt', *Public Culture*, 14(3), 2002, pp 493–513.
- 16 D Harvey, *A Brief History of Neoliberalism*, New York: Oxford University Press, 2005; and Ong, *Neoliberalism as Exception*.
- 17 Karim, 'Demystifying micro-credit'.
- 18 J Elyachar, 'Empowerment money', p 511.
- 19 See Ong, *Neoliberalism as Exception*; and Li, *The Will to Improve*. On neoliberal governmentality and microcredit, see Rankin, 'Governing development'; Fernando, 'Nongovernmental organizations'; and B Morgan, 'Empowering NGOs: the microcredit movement through Foucault's dispositif', *Alternatives*, 26(3), 2001, pp 233–259.
- 20 J Ferguson, *The Anti-Politics Machine: 'Development', Depoliticization, and Bureaucratic Power in Lesotho*, Minneapolis, MN: University of Minnesota Press, 1994.
- 21 M Yunus, *Banker to the Poor: Micro-Lending and the Battle against World Poverty*, New York: Public Affairs, 2003, p 95.
- 22 Several industry leaders are developing social impact assessment strategies that look beyond financial indicators. None of them, to our knowledge, incorporate community-based or context-sensitive assessment strategies. On Grameen's payback rates as measures of success, see A Dowla & D Barua, *The Poor Always Pay Back: The Grameen II Story*, Bloomfield, CT: Kumarian Press, 2006.
- 23 Yunus, *Banker to the Poor*, p 111.
- 24 Compare with Sioh's analysis in this issue of the use of 'Asian values' in challenging and disputing place in the international hierarchy.
- 25 On the politics of borrowing groups, see D Anthony, 'Cooperation in microcredit borrowing groups: identity, sanctions, and reciprocity in the production of collective goods', *American Sociological Review*, 70, 2005, pp 496–515.
- 26 Yunus, *Banker to the Poor*.
- 27 The complete list of Decisions can be found at: [http://www.grameen-info.org/index.php?option=com\\_content&task=view&id=22&Itemid=109](http://www.grameen-info.org/index.php?option=com_content&task=view&id=22&Itemid=109).
- 28 Elyachar, 'Empowerment money'. Compare with notions of culture as creativity, co-optation and resource addressed by Da Costa in this issue.
- 29 This principle has been adopted as a 'bare-minimum' guideline by, among others, the Consultative Group for the Poor (CGAP), *Good Practice Guidelines for Funders of Microfinance*, Washington, DC: CGAP, 2006.
- 30 Particularly: group lending models, claims to empowerment of women, weekly repayment schedules, and the use of repayment as a proxy measure of poverty alleviation.
- 31 Numbers in this paragraph are derived from Credit Development Forum, *Microfinance Statistics*, 19, December 2006, Dhaka: Credit and Development Forum, 2007.
- 32 Ahmad, *Socio-economic and Indebtedness-related Impact of Micro-credit in Bangladesh*.
- 33 Personal communication with staff at CARE Bangladesh, ActionAid Bangladesh and Nijera Kori.
- 34 These organisations are: BRAC, Grameen Bank, ASA, Islamic Relief, Asset, Thengamara, Krishi Bank and Proshika.
- 35 These findings are paralleled by Karim, 'Demystifying micro-credit'.
- 36 Although there are programmes in Arampur that target different segments of the population, the distinction between these programmes is lost in the face of the larger debt market of the village. For the origins of the debate over 'financial systems' lending models, see P Mosley & D Hulme 'Microenterprise finance: is there a conflict between growth and poverty alleviation?', *World Development*, 26(5), 1998, pp 783–790.
- 37 By comparison MFIs charge 25%–50% on average. B Helms, *Interest Rate Ceilings and Microfinance: The Story So Far*, CGAP Occasional Paper #9, 2004.
- 38 Karim, 'Demystifying micro-credit' finds that microcredit loan recipients occasionally become moneylenders to people who are unable to get loans themselves.
- 39 Yunus, *Banker to the Poor*.
- 40 Many even suggested that VGF staples (bags of rice and wheat flour) were often confiscated by microcredit field officers when borrowers failed to make payments.
- 41 Karim, 'Demystifying micro-credit' also documents this practice, known as 'house breaking' or *ghar bhang*.
- 42 Fernando, 'Nongovernmental organizations', p 171. See also AM Goetz & R Sen Gupta, 'Who takes the credit? Gender, power, and control over loan use in rural credit programs in Bangladesh', *World Development*, 24(1), 1996, pp 45–63.
- 43 Compare with A Da Costa in this issue on ancestry as a contemporary project of constructing history, sociality and justice informed by evolving histories of struggle.
- 44 K Rankin, 'Social capital, microfinance, and the politics of development', in J Fernando (ed), *Microfinance Perils and Prospects*, Abingdon: Routledge, 2006, pp 89–111.

- 45 Compare with S Johnson, 'Gender relations, empowerment and microcredit: moving on from a lost decade', *European Journal of Development Research*, 17(2), 2005, pp 224–248; S Hashemi, SR Schuler & AP Riley *et al.*, 'Rural credit programs and women's empowerment in Bangladesh', *World Development*, 24(4), 1996, pp 635–653; and N Kabeer, 'Conflicts over credit: re-evaluating the empowerment potential of loans to women in rural Bangladesh', *World Development*, 29(1), 2001, pp 63–84.
- 46 N Rose quoted in Elyachar, *Markets of Dispossession*, p 193.
- 47 Key texts in this debate are Goetz & Sen Gupta, 'Who takes the credit?'; and Kabeer, 'Conflicts over credit'. See also the introduction to this issue on development as cure versus cause of crises and poverty.
- 48 Similar dynamics have been observed in Nepal by Rankin, 'Social capital, microfinance, and the politics of development'.
- 49 In many cases women reported being denied microcredit loans because of this without a guarantee from a male relative.
- 50 Compare with M Pitt, S Khandker, O Chowdhury & D Millimet, 'Credit programs for the poor and the health status of children in rural Bangladesh', *International Economic Review*, 44(1), pp 87–118.
- 51 S Feldman, 'Exploring theories of patriarchy: a perspective from contemporary Bangladesh', *Signs: Journal of Women in Culture and Society*, 26(4), 2001, p 1114.
- 52 FF Piven & R Cloward, *Poor People's Movements: Why they Succeed and How they Fail*, New York: Vintage, 1978.
- 53 Such debates contrast, for example, with the *no pago* movement in Nicaragua which, through refusal to repay, denies the institutional legitimacy of MFIs to dictate terms of indebtedness.
- 54 Members of the research team are also members of Nijera Kori's network and the community-dialogue process in Arampur is in keeping with Nijera Kori's methods. For more on Nijera Kori, see A Barkat *et al.*, *Development as Conscientization: The case of Nijera Kori in Bangladesh*, Dhaka: Pathak Shamabesh, 2008.
- 55 N Kabeer, A Kabir & Y Huq, *Quantifying the Impact of Social Mobilization in Rural Bangladesh: An Analysis of Nijera Kori*, Working Paper, Institute for Development Studies, University of Sussex, 2007.
- 56 See, for example, Scott's discussion of *metis* in J Scott, *Seeing like a State: How Certain Schemes to Improve the Human Condition have Failed*, New Haven, CT: Yale University Press, 1998.
- 57 Ferguson, *The Anti-Politics Machine*.
- 58 D Mosse, *Cultivating Development: An Ethnography of Aid Policy and Practice*, London: Pluto Press, 2005, p 5.
- 59 Compare with B Dill, 'The paradoxes of community-based participation in Dar es Salaam', *Development and Change*, 40(4), pp 717–743.

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