



MICROCREDIT AND WOMEN'S EMPOWERMENT

in the Dry Zone, Myanmar

Zon Phyu Linn



*Understanding
Myanmar's
Development*

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in Transition



Microcredit and Women's Empowerment: in the Dry Zone, Myanmar

Zon Phyu Linn



Canada

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Foreword

The Understanding Myanmar's Development (UMD) Fellowship program, supported by the International Development and Research Centre (IDRC), Canada, is designed to enhance knowledge of Myanmar's development processes, strengthen the capacity of Burmese researchers, and encourage them to actively engage the study of development policy and practice. The fellowship seeks to promote sustainable academic exchange and dialogue among researchers from Myanmar, Thailand, and other GMS countries. Under this program, 30 fellowships have been awarded to midcareer researchers in their respective areas of social and economic transformation, agricultural, environment and climate change, health and health care systems, and social media and innovations.

In an era of global financial insecurities led in part by regional instability, worldwide health crises, and environmental degradation, Zon Phyu Linn highlights the importance of well-designed microcredit schemes for women's empowerment. Zon Phyu Linn researches the implications that building financial literacy, developing business management skills, and creating spaces for women-led savings groups have on women's roles within their communities. This research offers an important perspective on women's empowerment in Sagaing Region, Myanmar and contributes to the growing body of academic evidence in support of women-led microfinance mechanisms.

Chayan Vaddhanaphuti, PhD
Director, RCSD

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Zon Phyu Linn

Abstract

Microcredit has proven to be an important liberating force in societies where women have to struggle against repressive social and economic conditions. By tradition in Myanmar society, women are often in the back seat and are not active in decision making, despite working hard in all aspects of the economic sphere. Improvements in women's economic empowerment have the potential to lead to positive changes in both social and psychological dimensions. An important institution for promoting microcredits in Myanmar is Pact, which is implementing a savings-led economic empowerment program for women, using their Women Organizing Resources Together (WORTH) model. Since its launch, Pact has provided WORTH resources to over 2,000 saving groups with more than 60,000 members in Myanmar.

The main research aims to analyze how the savings-led microcredit approach can promote women-led microenterprises and how different pathways of empowerment (material, cognitive, perceptual and relational) can lead to women's multidimensional empowerment (Pact, 2018). The objectives of the study are to explore the relationship between the savings-led microcredit approach and the multidimensional empowerment of women and to analyze the microcredit-driven empowerment processes of women under the context of development program. In this study, economic, social and psychological impacts on women and the influence of microcredit along different pathways of empowerment are discussed. The research consisted of qualitative methods such as focus group discussions and in-depth interviews with rural women members of saving groups in Budalin Township, lower Sagaing Region, Dry Zone area under the Shae Thot (Way Forward) project implemented by Pact.

By analyzing the change processes through different pathways, this study finds that gaining knowledge and skills related to financial literacy and business management as well as access to microcredit are important factors in promoting women-led microenterprises, thus contributing to women's economic empowerment. It is found that women's social empowerment can be achieved through the social interactions via saving groups under the relational pathway. Notably, changes under the perceptual pathway which lead to women's psychological empowerment are outcomes of changes in other pathways. The study concludes that the cognitive pathway is the leading pathway and material pathway is the second leading pathway to reaching women's empowerment.

Key words:

Savings-led, microcredit, women's empowerment, microenterprises, Dry Zone, Myanmar

Abbreviations

AC	Accountability Counsel
AT	Alin Thitsa
CAT	Conservation Alliance for Tanawthari
CBO	Community Based Organization
CF	Community Forest
CSO	Civil Society Organization
DAZ	Dual Administration Zone
EAGs	Ethnic Armed Groups
ECDF	Ethnic Community Development Forum
FD	Forestry Department
FFI	Fauna and Flora International
GEF	Global Environmental Facility
INGO	International Non-Governmental Organization
IO	International Organization, Governmental (eg UNDP) or Non-Governmental (eg FFI)
IUCN	International Union for Conservation of Nature
KAD	Kawthoolei Agricultural Department
KESAN	Karen Environment and Social Action Network
KFD	Kawthoolei Forestry Department
KNLA	Karen National Liberation Army
KNU	Karen National Union
KNU (MTD)	Karen National Union (Mergui Tavoy District)

MoNREC	Ministry of Natural Resources and Environmental Conservation
MTD	Mergui Tavoy District
NCA	Nationwide Ceasefire Agreement
NGO	Non-Governmental Organization
R2R	Ridge to Reef
RKIPN	Rays of Kamoethway Indigenous People and Nature
SECU	Social and Environmental Compliance Unit
SPP	Salween Peace Park
SY	Southern Youth
TRIP-NET	Tenasserim River and Indigenous People- Network
UNDP	United Nations Development Program
WWWS	Wahpalaw Wildlife Watch Society

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Note on Terminology

Prior to 1989, the largest country in mainland Southeast Asia was exclusively known internationally as “Burma,” the name that British colonizers used after they consolidated the central plains and previously autonomous mountainous regions in the mid-1800s in reference to the country’s largest ethnic group, the Burman. The international use of “Myanmar” to refer to the country dates only to 1989, when the country’s unelected military rulers of the time announced the change of the nation’s name to *Myanmar naing-ngan*.

In addition, the official names of many ethnic groups, regions, cities, and villages were also changed, including that of the former capital from “Rangoon” to “Yangon.”

The name changes were purportedly an effort on the part of the military regime to remake Burma into a more inclusive, multiethnic country, and to cast off vestiges of the colonial era. However, many critics pointed out that these changes failed to address the root causes of problematic Burman/ethnic minority relations, and historians have shown that both “Burma” and “Myanmar” were used prior to British administration. In addition, the use of “Myanmar” in English presents a grammatical challenge, as there is no conventional adjective form.

While international organizations such as the United Nations and Amnesty International have adopted the use of “Myanmar,” journalistic, activist, and academic convention in much of the world continues to favor the use of “Burma,” although usage patterns continue to evolve. For this series, the decision of whether to use pre- or post-1989 “official” names has been left entirely to the author of each work, and in most instances the names are used interchangeably with no intended political implications.



INTRODUCTION

Introduction

Microfinance is established and recognized as one of the new development paradigms for poverty alleviation through economic and social empowerment of women. The focus of most Microfinance Institutions (MFIs) and microcredit (microloans) programs is women, because they have the potential to invest in a more sustainable way for long-term benefits compared to men, and they are usually in need of finance for investment. Microcredit is not only a significant instrument for poverty reduction but also a tool for women's empowerment. Given the interconnectedness of the economic, social, psychological and political dimensions of empowerment, changes in one dimension has been found to trigger changes in other empowerment dimensions (Malhotra & Schuler, 2005). Thus, improvements in women's economic empowerment may have a high potential to lead to positive changes in social, psychological, and political dimensions.

This study not only focuses on changes in the lives of women with regards to their empowerment, but also looks into the social context in which these women live. This is particularly important in Myanmar, one of the least developed countries (LDC) with a HDI ranking of 148 out of 188 (United Nations Development Program, 2018), and a country where the 32% of the population lives below the national poverty line (World Bank Group, 2017). This status quo has a grave impact on other socioeconomic statuses such as education and health. In traditional Myanmar society, women are often absent in decision-making despite contributing in all aspects of the economic sphere. It is essential to empower them within the context of family as well as at the local, community level. Economic development and democracy

cannot achieve their full potential if women, who constitute half of the population, cannot equally participate with male counterparts in these areas.

Statement of the problem

Women in Myanmar face inequality in almost all aspects of life despite their significant contributions to their communities and families. Although many women are educated, they are paid less for the same work, are often excluded from higher level decision-making positions, and have fewer opportunities to participate in government administration or politics. The burden of household chores and raising children is almost always shouldered by women even if they are earning more than their spouse. Maternal and under-five child mortality in Myanmar is significantly higher than that of other neighboring countries because these issues remain a low priority (Lu et al., 2019). Although the Myanmar Government is a signatory of the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), many laws continue to contradict gender equality and need to be reviewed, revised, and then enforced.

The Dry Zone is in central Myanmar and consists of three regions, namely Magway, Mandalay, and the lower part of Sagaing. It is a vast semi-arid low land between two hilly regions that was affected by a series of consecutive droughts as well as floods in recent years (Myanmar Information Management Unit, n.d.). Women in the Dry Zone suffer from gender inequality that is compounded by poor regional economics deeply rooted cultural norms, unfavorable climate, water scarcity and other factors. Therefore, it is necessary to understand the intersection of women's empowerment in the Dry Zone and microcredit services implemented by development agencies.

Research questions

This research examines Pact Myanmar's WORTH model, asking the following questions: 1) How do microcredit programs bring economic, social and psychological changes to women's empowerment? 2) How can a savings-led microcredit approach promote women-led microenterprises in terms of women's empowerment? 3) How can different pathways of empowerment (material, cognitive, perceptual and relational) lead to women's multidimensional empowerment?

Significance of the research

In communities where women struggle against repressive social and economic conditions, microcredit schemes have proven to be a crucial force for liberation from marginalization. Most of the literature focuses on the credit-led microfinance approach that provides loans directly to the community (Donnelly, 2008). This study will focus on an alternative microfinance model: the savings-led approach. Limited research exists on the linkage between microcredit and women's empowerment in Myanmar especially in the rural Dry Zone. Women's participation is a key issue in the development of Myanmar. Understanding how women become decision makers in social and economic matters of households and families through savings-led microcredit services will be critical not only for development agencies, but also for poverty reduction policy strategies.

Limitations of the research

The field research for this study was conducted in May 2017. Due to time constraints, the study area covers only six villages in Budalin Township within lower Sagaing. Moreover, only Pact was chosen for MFI data collection due to time constraints. However, this should not be considered as an evaluation study of Pact's program. The research surveys the female members of savings groups under Pact's Shae Thot project (2014-2018). This study focuses on rural women with low income levels only. Microcredit for urban women or women within middle income levels is not included in this study. Additionally, this study analyzes economic, social, and psychological changes on women empowerment through microcredit programing. The relationship between microcredit and political empowerment will not be included in the study as women's political empowerment is a separate empowerment dimension to study.

2

BACKGROUND – MICROFINANCE AND PACT'S WORTH MODEL

Introduction

Although the terms 'microcredit' and 'microfinance' are frequently used by scholars, there are important differences between them. Microcredit is the extension of small loans (microloans) provided to the poor who lack collateral and who are not considered bankable (Wikipedia, n.d, as cited in Armendariz, 2005). It is designed to assist poor women for the purpose of poverty alleviation, and also to empower them and to inspire their entire communities by extension (Mayoux, 2000). Microcredit is part of microfinance, which provides small loans and a wider range of financial services such as savings and insurance to the poor. Microfinance also refers to a series of financial and non-financial services such as entrepreneurship development for the poor to overcome poverty (Armendariz & Morduch, 2005). The main features of microfinance include focusing on the poor, targeting women, keeping loan size small, adopting group-based lending systems and mobilizing small saving deposits (Aung, 2005).

Background of microfinance and microcredit

The history of microfinance can be described in three iterations; iteration one from the 1970s to the late 1980s, iteration two from the late 1980s to the mid-2000's and the third iteration from the mid-2000s to the present (Haldar & Stiglitz, 2016).

Microfinance began as a small-scale lending experiment in villages of Bangladesh with Grameen Bank in the 1970s (Haldar & Stiglitz, 2016). The mechanism has successfully enabled the extremely impoverished to engage in self-employment and exit poverty through income generation. The founder of Grameen Bank, Mohammad Yunus, believes that the immediate need of poor people is access to credit for successful self-employment (Aung, 2005). Under Yunus' mechanism, the poor are able to form groups and access institutional credit (Haldar & Stiglitz, 2016). The group offers loans with interest to the poor based on trust, without physical collateral or legal contract. This is sometimes referred to as social collateral. The core concept of the mechanism is 'group' liability. Five to ten borrowers are organized into a single group. Lending is then based on joint liability and if one member of the group cannot pay the loan back, others in the group cannot get their next loans. Loans are then paid back in weekly or monthly installments (Aung, 2005). A prerequisite for borrowers is to join a group before they receive a loan. Once their previous loan is paid off, they can apply for others. Additionally, interest rates are fixed and lower than a standard moneylender's rate (Aung, 2005).

The golden era of microfinance was in the 1980s when it was adopted by the development field (Haldar & Stiglitz, 2016). At that time, there were millions of borrowers using Grameen and BRAC, known then as the Bangladesh Rehabilitation Assistance Committee and later as the Building Resources Across Communities (Abad, n.d). This popularity led to replication of the model not only within Bangladesh but also around the world. During the 1990s, microfinance became an important development strategy supported by the United Nations and the World Bank. The United Nations declared 2005 as the International Year of Microcredit and Mohammad Yunus and the Grameen Bank were awarded the Nobel Peace Prize in 2006 (Mayoux, 2008). After the Grameen Bank model in Bangladesh, other self-reliant, sustainable, and replicable microfinance models also appeared in Southeast Asian countries like Thailand, Indonesia and Philippines (Thapa, 2006). A common thread among these initiatives is the promotion of small or medium size enterprises (SME) and socioeconomic development in those countries.

Microcredit may help in poverty alleviation by promoting small businesses, increasing income, and reducing the vulnerability of the poor. Credit on its own does not generate income, but instead has broader impact. The target borrowers are women as women's participation is one of the critical issues in development (Aung, 2005). First, microcredit is promoted through formation of groups, developing leadership and mutual trust in each other. Then, it becomes a powerful instrument for poor women to be empowered agents of

economic change and also have positive impacts on their families. Microcredit also promotes women's participation, equity and long-term social and economic development because of the group-based social development model. As the field of microcredit has developed remarkably, there are growing numbers of microfinance institutions (MFIs) around the world.

Microfinance institutions (MFIs)

Since the 1990s, many development non-government organizations (NGOs) added microcredit as a new service and began to act as MFIs. Microfinance programs have been increasing in recent years and can be found throughout the developing world as well as the United States and other Western countries. In 2016, the number of MFIs reported to the Microfinance Information Exchange (MIX) was 1,112, with a combined reach of 132 million clients around the world (Convergences, 2017). In South Asia alone, there are 222 MFIs with 78 million clients - this is 59% of all borrowers around the world. Marguerite Robinson argues that commercial MFIs provide loans directly to poor people who are economically active by achieving greater outreach (Pan, 2010). Mohammad Yunus criticizes the profit-based MFIs as they operate like commercial banks by providing loans with high interest rates to the more wealthy of the poor (Pan, 2010, Yunus, 2007:69). Non-profit MFIs such as local/international NGOs are dependent upon funds from donors with their target clients being the extremely poor. They use social collateral rather than material collateral in provision microloans (Pan, 2010).

The poor are viewed as high-risk investments. Therefore, microfinance programs offer trainings to the borrowers such as leadership, business management, vocational training, and income generation. A majority of clients of both commercial and non-profit MFIs are women as they are seen to be more in need of access to credit and more likely to use the loan in a more sustainable than men (Roxin et al., 2010). According to Microfinance Barometer (2017), 84% of all borrowers across the globe are female, rising to 92% of borrowers in South Asia.

Microfinance in Myanmar

Microfinance is recognized as one of the most effective tools for poverty alleviation in Myanmar (Duflos et al., 2013). In Myanmar, rural communities have limited access to banking services and are confined to fixed deposits. All bank credit needs to have either real estate or a fixed-deposit account as collateral. Therefore, small-scale entrepreneurs have to borrow from informal moneylenders with high interest rates of around 10% per month.

Microfinance in Myanmar is an innovative approach which provides financial and non-financial services to the poor at both the village and township levels. The system targets poor women, landless people, and other vulnerable and marginalized groups. It serves a big market which is growing bigger due to inflation and population pressure. Although no nationwide credit-need survey has been conducted so far, the existence of a wide gap between the demand and the available supply of credit among the poor is evident.

Microfinance in Myanmar was introduced in 1997 by the United Nations Development Program (UNDP) as a separate project under its Human Development Initiative (HDI) program. Some international NGOs have also started microfinance services in recent years as part of their poverty alleviation activities in Myanmar under agreements with the government. Among them, Grameen Trust (in the Irrawaddy delta area), Pact in Myanmar (in the dry zone) and Group de Recherches et d'Echanges Technologiques (GRET) (in Chin and Shan States) were well-known international organizations implementing microcredit programs (Duflos, 2013). The overall goal is to improve socio-economic well-being of poor and vulnerable people in Myanmar through increased access to sustainable financial services such as microloans. In these days, semi-government agencies and NGOs are also piloting some group-based microcredit programs in peri-urban areas. Although there are growing numbers of MFIs in Myanmar, they remain under-researched and poorly understood (Pan, 2010).

Women as clients in microfinance programs

The primary function of microfinance is to provide financial services for poor women and men through access to savings and credit. The function of microfinance has grown beyond financial services, and the empowering potential of microcredit is argued as the majority of clients are women. Recognizing that female participation in development processes can help achieve sustainable development, governments, development agencies and donors focus on microcredit as a strategy to empower women (Kulkarni, 2011). It has been observed that providing women the control of and responsibility for small loans can raise their socio-economic status and can contribute to a positive change in the current relationships of gender (Mayoux, 2007). To date, microcredit programs have become an entry point in various community development programs around the world. According to the Microcredit Summit Campaign, “[w]omen are often responsible for the upbringing of the world’s children and the poverty of the women generally results in the physical and social underdevelopment of their

children. Experience shows that women are a good credit risk, and that women invest their income toward the wellbeing of their families. At the same time, women themselves benefit from the higher social status they achieve within the home when they are able to provide income” (Mayoux, 2007, as cited in Microcredit Summit, Campaign n.d.).

Noeleen Heyzer, Executive Director of the United Nations Development Fund for Women (UNIFEM), stated that “[m]icrocredit is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries” (Kulkarni, 2011; Microcredit Summit Campaign 2000).

As stated by a senior official from Grameen Bank, “[t]he target group for Grameen is the family and it can be seen that family welfare is best served by women as they are more concerned about family and more forward-thinking than men. Moreover, Grameen benefits the women themselves by promoting the confidence of women by let them learning to manage loans, to sign their names and so on.” (Halder & Stiglitz, 2016).

Credit-led microcredit versus savings-led microcredit

The majority of microfinance programs follow the ‘credit-led’ approach, which provides loans with interest directly to the poor. An alternative microfinance approach – ‘savings-led’ – exists though it is not well-known and is still below the radar of MFIs. Unlike a formal credit-led model, the savings-led model does not use loan funds from an outside organization and is sustained entirely through the management and initiative of the women members themselves. At first, a series of financial literacy trainings and self-learning materials for women are provided to start their saving groups. Women create their own self-governing groups with their own savings, read self-help books together, turn their savings fund into a loan fund, take loans with low interest rates (which is settled by the women members themselves) and start or extend their business without external assistance. Periodically, the savings group distributes the interest back to the women members as a dividend. Since the issue of dependency is very critical, the savings-led approach focuses on building strong, sustainable and self-reliant groups. It can meet members’ credit needs through locally-generated capital (savings).

Under the savings-led approach, savings groups seem dependent upon trainings and technical support offered by organizations during their initial period (one 6-month banking cycle), but they do not need external loan

funds to function successfully. In the credit-led approach, borrowers from MFIs have to rely on external sources of capital (loan funds) even after the initial trainings by MFIs. The largest international organizations around the world offering savings-led programs are Pact, CARE, Catholic Relief Services and Oxfam America (Mayoux, 2008). The savings-led approach has reached around two million poor people, especially women. According to Mayoux, it fails to attract greater investment for many reasons including ‘bandwagon effect’ and established ties between donors and credit-led programs. The main differences between ‘credit-led’ and ‘savings-led’ are as follows:

Table 2.1 : Savings-led microcredits versus credit-led microcredits (*Mayoux, 2008*)

Savings-led microcredits versus credit-led microcredits		
	Credit-led approach	Savings-led approach
Assumption	The poor need external credits and ongoing support	The poor can meet their needs by saving and then lending their savings; groups can operate on their own
Objectives	Organize and train groups to be responsible borrowers of the MFI funds	Strengthen groups to become savings groups or local village banks
Ancillary Objectives	Varies, but primarily financial	Literacy, empowerment, community activism
Safe Money Handling	The MFI is responsible for safe money handling and fraud prevention, limited numbers of ‘eyes’ watch the money	Women are trained in best practices, learn systems for transparency, many ‘eyes’ (all group members) watch the money
Sustainability	Achieved when interest income covers all costs of the MFI (operational and financial)	Achieved when the groups save and lend their own funds without outside loan fund or support
Replication Strategy	Expansion is planned and controlled by staff and depends on external resources	Savings groups replicate and create new groups without dependency on external resources or seed money

The main differences between credit-led and savings-led are the source of capital and who manages the money (MFIs in credit-led and borrowers themselves in savings-led). While MFIs can provide larger loans to more clients during the initial period through a credit-led approach, the savings-led

approach can only provide limited loans to group members at start-up. In fact, it takes time for members to manage their groups and to get enough loan funds from their savings. However, savings groups can be sustained and replicated quickly as they do not require a specific fund or apparatus like formal credit-led groups, nor do they require specific staff such as loan officers for making loans and managing repayments. Those differences make savings-led approaches less expensive than credit-led. In addition, the interest from loans flows to the MFIs in the credit-led approach but goes to the members in savings-led, in which case the interest can be invested in lending again.

Table 2.2: Advantages and disadvantages of credit-led approach (*Mayoux, 2008*)

Credit-led approach	
Advantages	Disadvantages
Larger loans can be received by borrowers at any time	Interest upon loans is kept by MFIs
Additional services by MFIs are available for borrowers	It is difficult (costly) to create and sustain large-scale MFIs
Ongoing support and guidance by MFIs are available for groups or borrowers	MFIs control fraud and staff are responsible for safe money handling
	Only MFIs can expand and replicate
	Sustainability of services (loaning and others) depends on the MFIs

Table 2.3 Advantages and disadvantages of savings-led approach (*Mayoux, 2008*)

Savings-led approach	
Advantages	Disadvantages
Can be implemented by existing local self-help groups, community-based organizations, NGOs and religious organizations	The group members (especially leaders) must put in substantial effort to form the group and manage the funds
Savings groups are responsible for safe money handling and controlling fraud	It takes time to get adequate funds to give significant loans to many members simultaneously
Members can replicate the groups by themselves	Additional services beyond saving and loaning may not be available
Sense of ownership and sustainability of loans and other issues can be under the control of group members	It may take time to get other benefits such as empowerment for members and community development
Interest upon loans are kept by members and ensure equity for group	

There is highly uneven investment between credit-led and savings-led programs, even though the savings-led approach is more effective and less

costly than the traditional credit-led approach. Credit-led programs by MFIs received the majority of microfinance funding around the world. Nowadays, new MFIs which are supported by private organizations, private donors and religious organizations have emerged, as the significant positive impacts of microcredit are appreciated. According to analysis by Mayoux (2008), Donnelly points out that the same economic and development returns can be attained through savings-led model as through credit-led, but without providing loans or seed money. The savings-led approach needs less donor investment to reach the same number of people. According to Asian Development Bank Institute's paper "Forms of Microcredit Interventions and Cost-Effectiveness" by Donnelly, the cost per person in credit-led approach is between \$150 and \$600 while compared to savings-led approach which is between \$20 and \$50 per person. Besides, it is stated that the savings-led approach can produce more noticeable impacts than traditional credit-led approach such as literacy, decision making power, empowerment, self-confidence and community leadership .

There are various reasons why there is limited investment in savings-led programs. First, there is a 'bandwagon effect' (Mayoux, 2008): as clients experience benefits with the traditional credit-led approach, more funds are made available to support or replicate it. Traditional microcredit led to an increased number of formal and informal microcredit networks, and it was easier to spread the credit-led model compared to new models. Second, most of the publications on microfinance emphasize the credit-led approach, and researchers appear to prefer to do research on credit-led models (Mayoux, 2008). As a result, the majority of donors do not know much about the savings-led approach. Besides, it can be seen that ties have developed between donors and credit-led MFIs or NGOs, and it is thus easier to use funds through existing credit-led approaches than to try a different approach (Mayoux, 2008). If the MFI chooses a new savings-led approach, they need to develop new knowledge, systems and networks. As the savings-led approach depends on local grassroots organizations, donors find it difficult to reach them. They may also find it difficult to implement programs with many players and may prefer to support funds through an MFI as single delivery entity. Scholars point out that savings-led programs have been delayed by lack of interest, and the sustainability of savings groups without the backing of donors is unclear (Haynes & Levin, 2009). Some assume microfinance can serve as a device for connecting isolated groups with other financial institutions, and possibilities for linking savings groups to the broader financial sphere are debated.

PACT and microfinance in Myanmar

Pact's long-serving microfinance programs in Myanmar were turned over to the new government-licensed entity Pact Global Microfinance Fund (PGMF) in 2012 as a result of new national microfinance regulations. In addition to microcredit through PGMF, Pact promotes women's empowerment in Myanmar through the WORTH model. Pact incorporates the WORTH model into three projects; (i) Swan Yi project, funded by the Coca-Cola Foundation; (ii) the Sustainable Health Improvement and Empowerment (SHINE) project, funded by Chevron and (iii) the Shae Thot (the way forward) project, funded by USAID. This study focuses on the Shae Thot project.

Shae Thot uses an integrated and holistic approach to overcome poverty and to improve health issues in rural villages in Myanmar. It includes strengthening community institutions, maternal and child health, livelihoods (village banking through the WORTH model), food security and water, sanitation & hygiene (WASH). It forms Village Development Committees (VDCs) in targeted villages, which are composed of elected village members who are not village authorities. Through VDCs, Shae Thot promotes capacity building for transparent and accountable community planning and participatory decision making, implementation and monitoring to create long-term impact (Pact, 2018). Village Development Funds (VDFs) are also established, and villagers raise funds from household contributions. The Shae Thot project has implemented various activities in around 2,000 villages, including establishing over 1,000 VDCs, training many community members as health workers in child health and nutrition, and benefiting thousands of community members through mobile clinics and family planning services. Under this project, the percentage of women who gave birth with a skilled birth attendant has increased, wide-ranging hygiene trainings were provided to stem the spread of disease and access to potable water has improved.

Shae Thot started in September 2011 and has been implemented in 2,844 villages around the country and at the time of writing was currently active in 1,994 villages across 22 townships in the Dry Zone, Yangon Region, and Kayah State (Pact, n.d.). Shae Thot has implemented WORTH in 588 villages, with a total of 26,579 women members across the Dry Zone and Kayah State (Pact, 2016). At the time of writing, 236 villages were active while others have been phased out. WORTH serves as a critical tool of Pact's integrated approach to development in Myanmar. It is not only for poverty reduction but also as a platform to promote women's involvement in local governance and also to share the information about health, nutrition and sanitation.

The WORTH Model

In WORTH, there are a series of financial literacy trainings for rural women to form their savings groups (so-called village banks). At the same time, they use WORTH self-learning materials to learn about business and banking. Every member has to save money in their saving group every week (the specific savings rate is settled by members themselves). Moreover, members can deposit additional savings temporarily as voluntary savings. Although members may withdraw voluntary savings with notice to the group, mandatory savings cannot be withdrawn until the closing of banking cycle. Women practice their financial literacy skills by reading the materials together and turn their savings fund into a loan fund.

Both mandatory and voluntary savings are lent out to individual members, and the repayment schedule is by weekly installments. Interest is charged on the loans at a rate settled by the members themselves. Weekly installments are repaid by borrowers and thus the group lends out each installment again and again. Members who receive loans are encouraged to start or extend their own small businesses rather than to use the loan for immediate needs such as food.

After the 6-month banking cycle, the group distributes the interest back to the members as a dividend. Return on savings depends on the interest rate charged and active lending of the total group fund. For example, if the loans are lent out with 2 percent interest rate per month, the gross return would exceed 12 percent per 6-month banking cycle. In this way, women have two streams of income: one from their own businesses and one from their collective village bank.

WORTH has no support expenses like paid staff as loan officers or stationery, which is usually provided by other development initiatives. Women members have to pay member fees to their group fund. They purchase a cash box, a calculator, and other materials for their banking activities with their own funds.

Financial literacy

To establish successful savings groups, and later village banks, women members learn about the election and responsibilities of management committee members and the loan cycle. Moreover, they learn about setting interest rates, loan repayment schedules, rescheduling and refinancing loans, and distributing dividends. In the beginning, management committee members (the chairman, secretary, treasurer and monitor) are elected by members through voting systems, and those elected leaders have to attend

extra basic and advanced trainings for accounting systems, which include how to use banking forms and bookkeeping skills. Self-learning books include books titled 'Road to Wealth' (for village banking) and 'Selling Made Simple' (for business development).

Besides trainings on financial literacy, the women members also receive introductory workshops for self-learning materials, mobile workshops for business management, and workshops on market linkage, sustainability, impact-sharing, human rights, women's rights, and child's rights. This series of trainings and workshops are now used in all WORTH programs in Asia and Africa (Mayoux, 2008).

Some may question whether rural women could learn accounting, given their lower education levels. This research found that women leaders even with only primary level education became successful accountants for their groups.

Women members of WORTH programs usually use their loans to set up or expand their small businesses. WORTH does not offer specific skills training or vocational trainings and does not promise that the women's businesses would reach markets. WORTH only encourages women to build on their own knowledge, focus on locally-available materials, seek out market niches in their own areas and explore their challenges. Moreover, they learn how to overcome obstacles through the stories of other women, self-learning materials and with their own creativity and imagination.

Appreciative Planning and Action (APA)

Appreciative Planning and Action (APA) is a successful strength-based and asset-based participatory tool, and is central to the WORTH model (Mayoux, 2008). It was developed in Nepal and is based on Participatory Rural Appraisal (PRA) and Appreciative Inquiry (AI). In general, it seeks to discover what is resilient and feasible based on the assumption that solutions already exist in the community (Cram, 2010, McKenzie 2003). It describes a preferred future of a community along with an understanding of how they can build toward that future. It invites rural women to "reflect on their best practices rather than admit their failures and unsolved problems." It is an analysis of the best, worth-keeping and valued things by focusing on examples of success stories in the past and the causes of these successes. APA encourages women to share their success stories and to listen the stories of their peers, building confidence which contributes to empowerment (Mayoux, 2008). A key feature of APA is the commitment of individuals/the group to achieve their goals by using the best of the past to build the future through appreciative ways. The basic steps of APA are (Cram, 2010):

1. Discover: finding out what was the most successful/memorable best events/experiences/accomplishments in their family or community lives. These will be significant stories of their lives that serve as a basis to move towards a positive future.
2. Dream: finding out what the community members wish for their own/family/community's future. It involves the creation of a vision and collective aims of community members.
3. Design: constructing the future dream together. It includes designing the structure, systems, processes, culture and environment based on their vision in the dream stage.
4. Destiny/Delivery: determining what the community members will do to achieve their dream.

3

LITERATURE REVIEW

Conceptualizations of women's empowerment

The term 'empowerment' is not new and has been defined by different scholars and practitioners in different contexts. It is related to terms like autonomy, independence, self-determination, self-direction, self-strength, self-confidence, decision making, capacity to fight for one's rights, capability for participation, control, and mobility. In general, empowerment is defined as "increasing the capacity of individuals/groups to make focused choices and the capacity to transform these choices into desired actions and outcomes" (Petesch et al., 2005). The World Bank's empowerment sourcebook defines empowerment as "the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control and hold accountable institutions that affect their lives" (Narayan, 2002). Control here means both over resources (physical, financial, human and intellectual) and ideology (beliefs, values and attitudes) (Batliwala, 1993). Institutions here mean both informal and formal institutions. The key concept taken from the above definitions is that empowerment involves making changes and changing the community's perceptions in order to improve individual capabilities to make strategic choices in their lives.

The dimensions in the women's empowerment framework by Malhotra and Schuler (2005) are economic, social & cultural, psychological, legal and political. Economic empowerment includes access to credit, contribution to family needs, increased household assets, control, and ownership (Mayoux, 2000; Malhotra and Schuler, 2005). Social & cultural empowerment addresses freedom of movement, lack of discrimination and violence against women, decision-making and participation, and control in domestic issues (Mayoux,

2000). Psychological empowerment includes increased self-esteem, self-satisfaction, realization of self-values, and psychological well-being (Malhotra and Schuler, 2005). Malhotra and Schuler describe the legal and political empowerment dimensions as knowledge of legal rights and mechanisms and political systems, exercising those rights, and political engagement.

The framework for empowerment by Mayoux (2000) is:

- Power within: Women are able to articulate their own aspirations and strategies for change.
- Power to: Women are able to develop the necessary skills and access the necessary resources to achieve their goals/ambitions.
- Power with: Women are able to examine their collective interests, to organize to achieve them and to link with other agencies for change.
- Power over: Changing the underlying inequalities in power and resources which constrain women's aspirations and their ability to achieve them.

The above-mentioned power relations work in different spheres of life such as economic, social, and political and also at different levels such as micro-level (individual/household/community) and macro-level (Mayoux, 2000).

Microfinance and women's empowerment

Mayoux (2000) defines empowerment through three key terms: economic empowerment, increased well-being, and social and political empowerment. First, it is assumed that sustainable microfinance services lead to economic empowerment of individual women through encouraging women-led microenterprises, which results in women's increased income and control. Women's access to savings and credit results in women's greater economic role in household decision-making. When women control decisions regarding financial issues, the household's welfare improves. An economically-active woman, with her own savings and increased income which is shared within the family, has more economic power.

The second key term is increased well-being. Access to savings and credit raises women's voices and facilitates women's economic decisions at home (Mayoux, 2000). This may lead to increased expenditure on the household and the children.

Mayoux's (2000) third key term is social and political empowerment: Increased economic activity and control over income by women via access

to credit can result in improved women's skills, knowledge, mobility, status within community and social networks. This may lead to wider participation in social and political processes and institutions.

Three paradigms on microfinance and gender are further described by Mayoux (2000). The financial self-sustainability paradigm is a leading paradigm within the microfinance models promoted by USAID, the World Bank, UNDP and other institutions. The main idea is to provide self-sustainable financial services to the poor and entrepreneurs of micro-enterprises. Targeting women can ensure higher repayment rates, increased economic activity by women and enhanced economic growth. It is assumed that increased women's access to microcredit will itself lead to economic empowerment by individual woman and to social and political empowerment in the long run.

The poverty alleviation paradigm is dominant in poverty reduction programs (Mayoux, 2000). The main objective is poverty alleviation among the poorest and community development through increased wellbeing. Therefore, it includes small loans for consumption and production, and needs considerable levels of funding support in some contexts. Most of the programs using this paradigm operate in rural, remote areas. As there is a higher level of female poverty and women's responsibility for the household in these areas, women have become target clients. Poverty reduction and women's empowerment are seen as two sides of a coin. It is assumed that increased access to microcredit by women will lead to increased household income, improved household wellbeing and consequently women will be able to bring changes in gender inequality.

Mayoux (2000)'s feminist empowerment paradigm is found in the gender policies of current NGOs/ INGOs and rooted in the earlier microfinance programs in the South, and assumes a gender impact of microfinance programs. The main concept is women's rights, gender awareness and gender equality. Here microfinance is promoted as a strategy for economic, social and political empowerment and also as an entry point. Therefore, many programs using this paradigm develop effective methodology for increased gender awareness and gender advocacy, and challenge gender discrimination.

To summarize, the financial self-sustainability and feminist empowerment paradigms focus on women's own income-generating activities and improved wellbeing is a result of increased women's income and economic activities, while the poverty alleviation paradigm emphasizes increased household income and the loans' usage for consumption. Although the financial self-sustainability and poverty alleviation paradigms accept that social and political

empowerment can occur without particular interventions in gender relations at micro (household and community) and macro levels, the feminist empowerment paradigms call for specific strategies to support individual woman's ability and collective gender interests at both micro and macro levels.

Conceptual framework

Muhammad Yunus advocated that the mutual support of people through credit groups, strengthening social bonds among women, and enhancing social skills and collective advocacy can help poverty alleviation (Roxin et al., 2010). This is a core element of original microfinance concepts. Literature on empowerment commonly tries to define the phenomenon by describing four different dimensions of empowerment: economic, social & cultural, psychological, legal and political (Malhotra & Schuler, 2005).

According to Roxin et al. (2010), economic empowerment of women can be facilitated if women have improved access to and control of markets, land, labor, and income (so-called productive resources) via increased opportunities. In this way, women can participate in, contribute to and benefit from development processes. Women's social empowerment can be promoted through their increased participating in public life, which can improve the status of poor rural women at the domestic and community levels and increase their participation in decision-making processes (Malhotra and Schuler, 2005). The improved socioeconomic status of women allows the individual to focus not only on survival, but also on their environment and on confronting the actors who are responsible for welfare of their surroundings as women view themselves as more effective in political matters (Bayulgen, 2015). "Political empowerment refers to issues of political participation and representation" (Roxin et al., 2010). Political empowerment can be found in a society with increased social capital which improves an individual's access to political information and capacity to participate in politics (Bayulgen, 2015).

The above-mentioned dimensions of empowerment are quite broad and difficult to operationalize. Therefore, the analysis of this study focuses on the change processes along different pathways which are more practical, detailed and developed, especially in the microfinance setting. Those change processes will then be linked to three of the four dimensions of empowerment (economic, social and psychological). The study will not cover women's political empowerment.

This study uses the following definition of empowerment: empowerment happens when individuals and organized groups of people are able to imagine their world differently and to realize that vision by changing the structures that have been keeping them in poverty (Roxin, et al., 2010, Eyben et al. 2008: 6). Empowerment is characterized as economic security, ability to purchase, involvement in major household decisions, self-confidence, mobility, participation in community development activities and other similar factors. Based on these general assumptions, this study views empowerment as a non-linear and multidimensional process through changes along four different pathways – material, perceptual, cognitive and relational (Roxin, et al., 2010). According to Chan & Mahmud (1995) analyzing empowerment from this angle allows for a more structured look at change processes:

1. The material pathway involves changes in access to and control over material resources. Changes in income, ownership of assets, fulfilment of basic needs and earning capacities are included here.
2. The cognitive pathway is associated with changes at the level of knowledge, skills and awareness of the wider environment.
3. The perceptual pathway encompasses changes in the self-perception of women (e.g., self-esteem, self-confidence, vision and plans for the future) as well as changes in how women are perceived by others (e.g., visibility, respect, recognition).
4. The relational pathway considers changes relating to social interaction (e.g., decision-making, bargaining power, participation, organizational strength, and mobility).

Although these four pathways are listed separately here for conceptual clarity, in practice they are interdependent. Changes along four different pathways are related to and mutually affect one another. Empowerment processes are expected to occur through changes along various pathways and the numerous types of potential change can be thought of as ingredients for empowerment (Roxin, et al., 2010). Access to microcredit may trigger various types of change and these changes have the potential to be empowering. For example, along the material pathway, credit can help women to increase their income through the start-up/expansion of their business activities. At the same time, this may lead to increased mobility (relational pathway) and increased self-confidence (perceptual pathway). Other examples are the improvement of women's financial literacy (cognitive pathway) through their participation in microcredit related trainings or an extension of their networks (relational pathway) via membership in saving groups.

Additionally, different degrees of empowerment evolve as changes take place along the pathways (Roxin, et al., 2010). Initially, empowering changes may influence women's vision on life and their ability to think differently about their lives. On the other hand, women's choices, decisions, and actions strongly influence the progression of empowerment. Degrees of empowerment are stages that build upon each other, but they are not parts of a linear process. According to Roxin (2010), locations of empowerment are:

1. Micro/Local level- individual, household and community
2. Regional level- groups, networks, organizations
3. Macro/ National level- state, supra-national

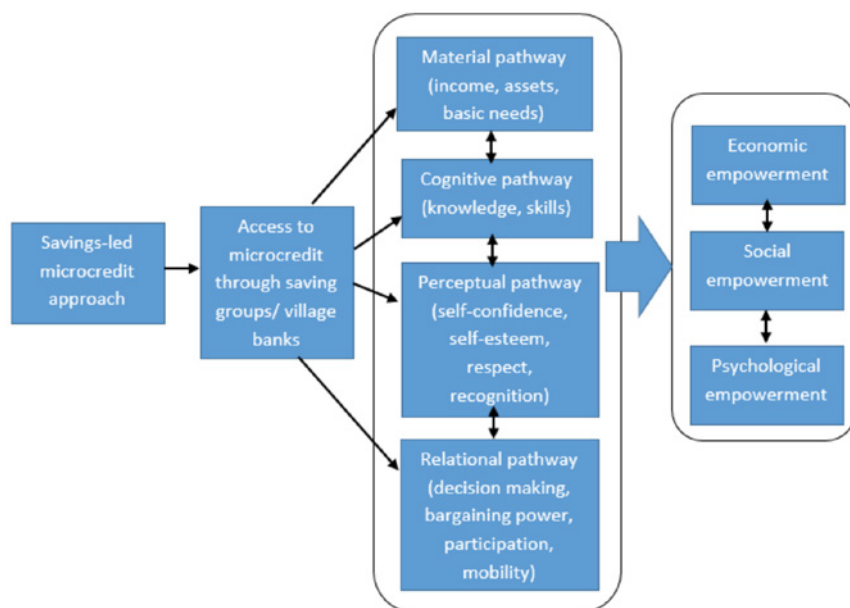


Figure 3.1 Conceptual framework

4

RESEARCH DESIGN

Introduction

One major point of debate with regard to empowerment is its measurement. Although empowerment has been identified as a primary development goal, neither the World Bank nor any other major development agency has developed a rigorous method for measuring and tracking changes in levels of empowerment (Malhotra, Schuler, & Boender, 2002). The key tools that researchers usually use to measure empowerment include the Gender Development Index, Gender Empowerment Measure, quantitative surveys, ethnographic investigations, focus group discussions, and case studies, among others. It is also agreed that certain key aspects of empowerment such as decision making, self-confidence and self-esteem are very difficult to measure (Cheston & Kuhn, 2002).

The main purpose of this study is to explore the multidimensional empowerment of women through the savings-led microcredit program implemented by Pact in Myanmar. In order to study the influence of microcredit along the different empowerment pathways (material, cognitive, perceptual and relational), qualitative research methods are used.

Sampling strategy

Budalin Township in the lower Sagaing Region was selected because the Shae Thot project was being implemented in that township during data collection. Data collection took place in rural areas at the village level. According to the time limitations of the researcher, two villages from each

level (totaling 6 villages) were selected purposively during the initial meeting with project staff, and a total of 14 savings groups in those 6 villages took part in the study. This study is limited to women who have been participating in their respective savings group for at least one year in order to improve the validity of the impact measurement and to enable comparison of the situation of those women before and after participating in the saving group.

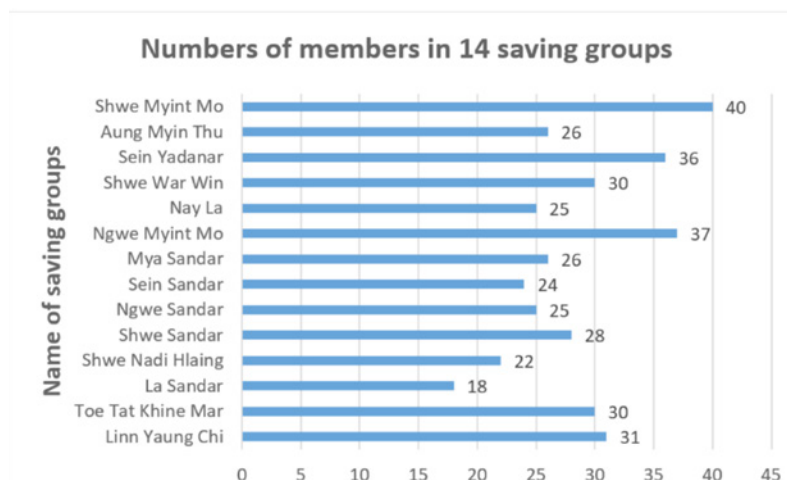


Figure 4.1 Numbers of members in saving groups

The researcher explained the purpose of the study and activities to all participants at the beginning of the focus group discussion (FGD). Then, the FGDs were conducted by the researcher and facilitator using the set of guide questions. The FGD participants provided information about the background of the savings groups, social relationships and social bonds within groups.

For individual in-depth interviews, the participants from focus group discussions were sampled purposively by identifying those who took at least one loan from their savings groups and were willing to share their time for individual interviews. In order to cover all the savings groups in the targeted villages, at least one member of each group in each targeted village was chosen for an in-depth interview. When a village had only one savings group, two or more women from that group were selected. The researcher and the facilitator conducted the interviews using an interview questionnaire. During in-depth interviews, the interviewees provided the information especially about their businesses, perceptions, and changes before and after access to microcredit.

After the in-depth interviews with current members, interviews were conducted with 'dropouts.' Leaders of each group in targeted villages helped

in identifying dropouts for interviews. In some villages, it was not possible to interview dropouts as they are rare and they were not available on the given research day. Dropouts from three out of six villages were interviewed using a separate questionnaire, in order to understand their reason for dropping out and the different situations of members and dropouts.

Primary data collection methodology

Primary data was collected through focus group discussions (FGDs), in-depth interviews (IDIs) and key informant interviews (KIIs) with different stakeholders, while secondary data was obtained through observation, a review of project documents and case studies of individuals. In general, two kinds of activities were conducted with the targeted women's groups in each of the six selected villages: (1) focus group discussions, in which all members of a saving group were invited to participate together, and (2) individual in-depth interviews with members of saving groups who received a loan and started-up or extended their business activities. Each FGD was guided by a facilitator who used guide questions and helped the group to conduct in a lively and natural discussion. Interviews were conducted with the individual members of savings groups, individual dropout members and with people who are currently working in microcredit programs (i.e., volunteers, development workers and field staff in the targeted township). Throughout the field visit, observation contributed to triangulation of the data collected from the FGDs and interviews.

In addition, individual interviews were also conducted with “dropouts”: women who previously took out loans but stopped taking loans for various reasons. Those interviews are used as a source of information about challenges for members and for the microcredit program overall, not for comparison with other savings group members.

Finally, key informant interviews with field staff and volunteers in the targeted township were conducted mainly to explore the challenges and obtain opinions and suggestions about current activities.

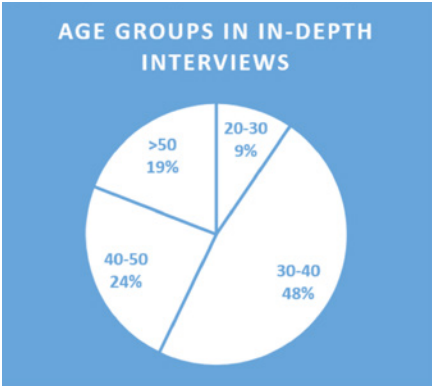


Figure 4.2 Age groups of respondents in In-depth interviews

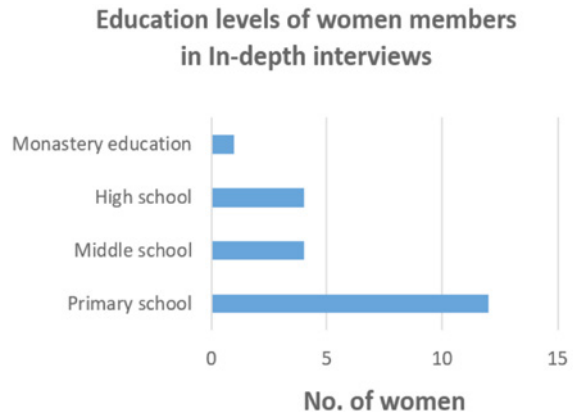


Figure 4.3 Education levels of women members in In-depth interviews

Ethical issues

For this study, the researcher consulted with members of savings groups as well as staff from Pact. Before the process, consent of each interviewee was obtained in order to ensure their voluntary participation in the study. During the process, all informants were informed about the objectives of the study, and permission was requested for recording focus group discussions and individual in-depth interviews. Moreover, the personal data of informants has been maintained with confidentiality and anonymity, as respect for the rights of the informants is essential

Dry Zone in Myanmar

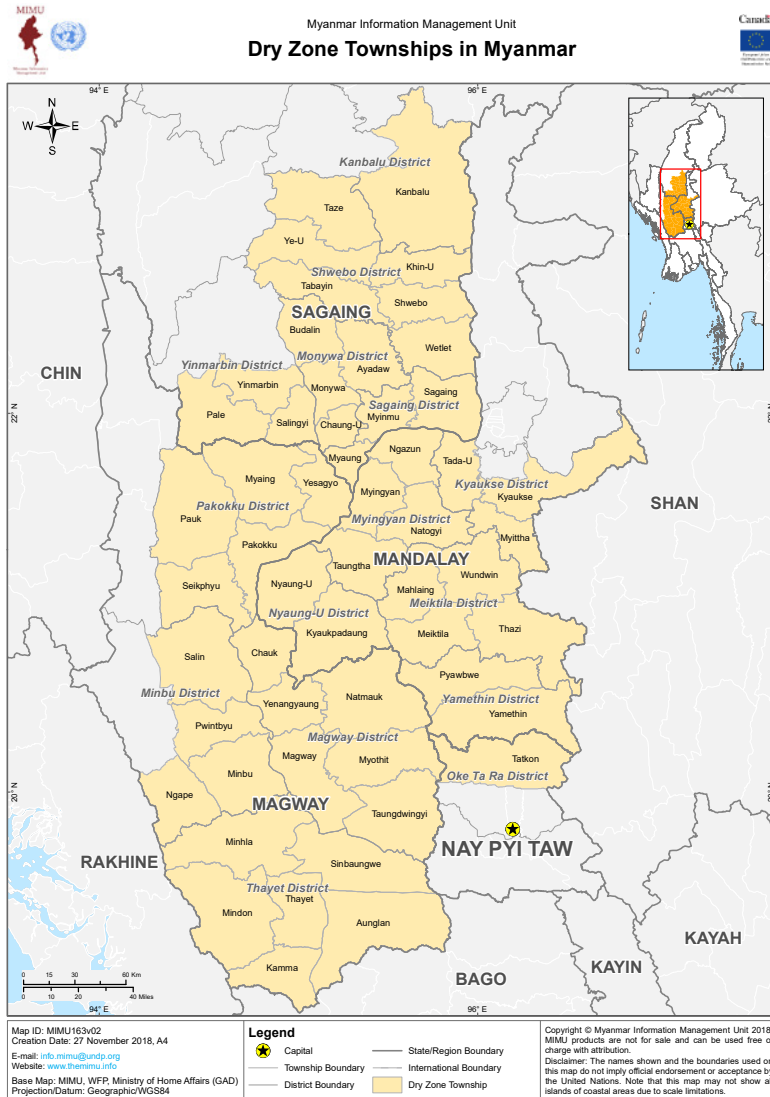


Figure 4.4 Dry Zone townships in Myanmar (MIMU, 2018)

The Dry Zone is in the central part of Myanmar and is more than 54,000 km². It includes 58 townships in Magway Region, the western and central parts of Mandalay Region and lower Sagaing Region (MIMU, 2018). It is a wide lowland area between two hilly regions: the Shan plateau in the east and the Rakhine Yoma mountain range and Chin Hills in the west (Nyunt, 2010). It is

situated in the shadow of mountain ranges and receives limited rain. Moreover, decreased forest cover and soil erosion cause greater risk of local flash floods during times of heavy rain. The area was affected not only by a series of consecutive years of drought in the past, but also floods in recent years. Approximately one-quarter of the country's population lives in this area.

Sagaing Region spreads from central Myanmar to the western and northern border areas. Its southern part is in the Dry Zone while the northern part is mostly in the hilly area. It includes 34 townships, many of which are remote and difficult to access. Several different ethnic minorities live in the region but the majority of the population in the lower part of Sagaing Region is Bamar ethnicity (the majority ethnic group of Myanmar). Other ethnic groups include Tai Shan, Kachin, Naga, and Chin.

Compared to lower Myanmar, people living in upper Myanmar (including Sagaing Region) are generally thought to be more traditional, especially rural women who have very limited contact with other parts of the world or even with nearby regions of Myanmar. Women are usually kept busy with farming and household chores including fetching water and collecting firewood. The vast majority of the population are Buddhists. Many women have only primary or post-primary education, and some are illiterate or semi-literate. Most do not have exposure or opportunities for receiving trainings to increase their knowledge and skills.

Many people living in the Dry Zone have the unique aim to host a religious-related charity event at least once in their lifetime, connected with the practice of temporarily sending their sons to become a novice Buddhist monk. Those charity events are usually costly as they occur over multiple days and offer meals to all villagers, as well as visitors from other villages. When they have had some savings in years of good climate and crops, many residents of the Dry Zone spend their money for that. In addition, they also have to spend money for regular social and traditional events of the village and relatives. Therefore, saving for economic activities is not a usual practice of the villagers.

The government provides loans for agriculture to farmers, but these loans are usually not adequate or not appropriately used. Farmers usually need to borrow money at planting time, and they usually borrow from private money lenders with very high interest rates, often set not as a percentage of the loan amount, but of the crops. The crop cost is set at the lowest price from the year. Borrowers have to give crops to lenders at harvest time to repay debts. If climate and harvest is not good, they cannot pay the loan back and need to borrow more money to live during the hot season. Thus, many farmers enter a cycle of debt and become landless laborers.

Compared to the last decades, the status and voice of women in rural communities has become a little better, due to increased literacy rates, an increase in the number of educated women working as government staff, and other factors. Although the communities are male-dominated, Myanmar culture does not exclude women from economic activities. In this context, providing information, knowledge, training and investment opportunities for women can be a good investment for the development in Myanmar.

Profile of Budalin Township

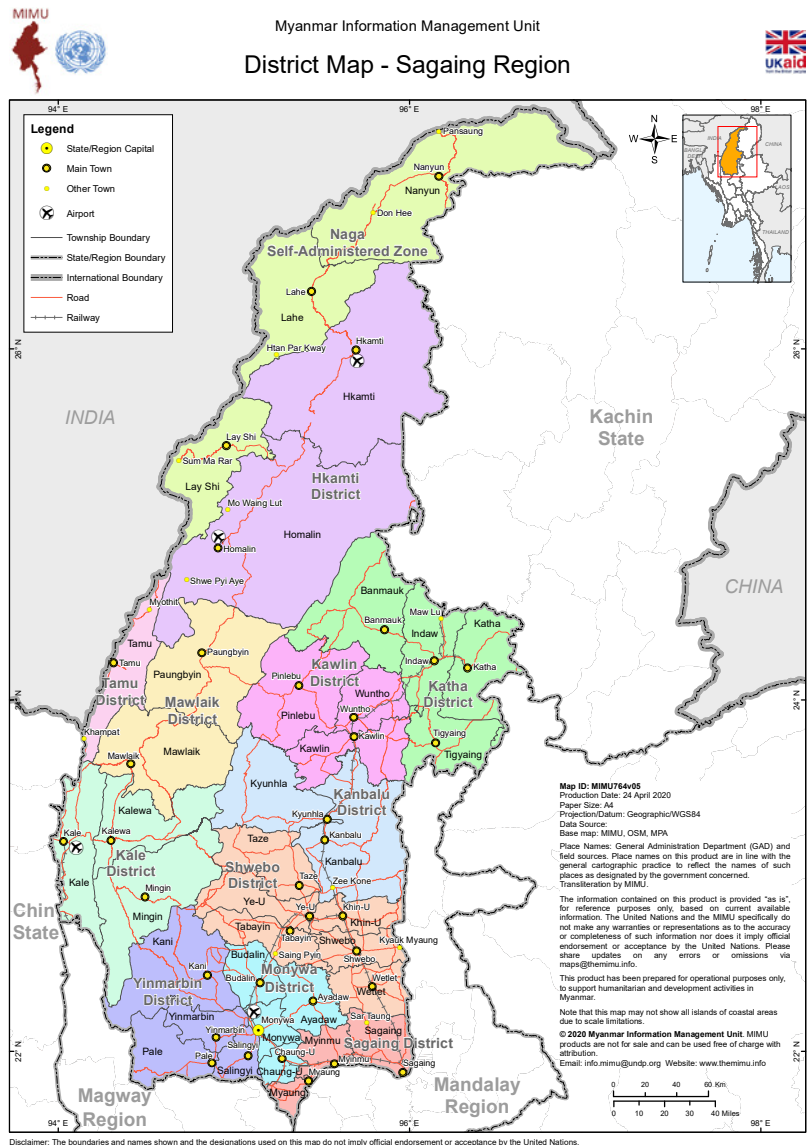


Figure 4.5 Sagaing Region, Monywa District, Budalin Township (MIMU, 2020)

Budalin Township is located in Monywa District, lower Sagaing Region, in the Dry Zone area of Myanmar. The principal town is Budalin. According to the 2014 Myanmar Population and the Housing Census (Department of Population, 2017), it has 54 village tracts, 188 villages and 28,616 households.

The total population is 123,539 with 55.4% female and 44.6% male. The rural population is 95.8% of the total population, while urban is 4.2%. In the rural area, the majority of the population works in agriculture and animal husbandry, and the rest are casual labors. Major crops from that area are those of the rest of the Dry Zone, such as sesame, lentils, cotton, peas, beans, sunflower, rice and maize. The principal mode of transportation between towns and villages are village buses, minivans, trailer jeeps, bicycles and motorcycles.

Women who live in Budalin Township share typical characteristics of women of the Dry Zone. In addition, women in the area suffer the brunt of gender inequality as well as the poor economic situation of the country because of deeply-rooted cultural norms, the unfavorable climate of the Dry Zone, water scarcity, and lack of financial resources and knowledge, all of which lead to underdevelopment of the area. In these days, internal and cross-border migration is very common, and trafficking and exploitation are also common, especially due to ignorance and lack of information and knowledge.

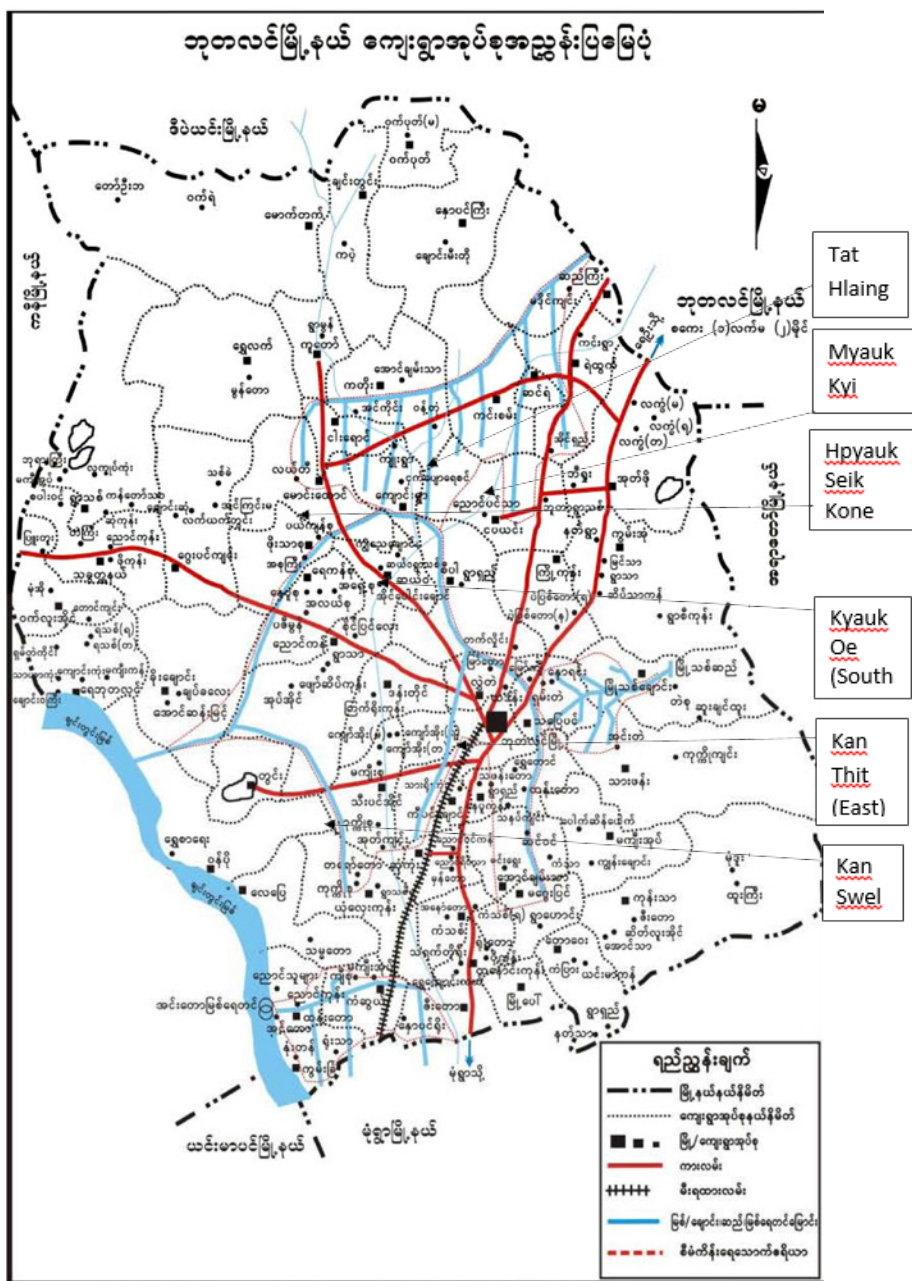


Figure 4.6 Six target villages in Budalin Township (MIMU, 2019)

5

FINDINGS

Introduction

This research investigates whether access to microcredit (microloans) through savings groups/village banks leads to changes in the lives of women, using the conceptual framework of pathways of empowerment described above. The following findings are the results of analysis of qualitative data generated through the above-described methodology. The research was conducted in six villages: Myauk Kyi, Tat Hlaing, Kan Swel, Kan Thit (East), Kyauk Oe (South) and Hpyauk Seik Kone villages. In these villages, 14 savings groups were researched. All groups had been operating for at least one year at the time of research, with 50% operating for three years already. Savings groups in Tat Hlaing villages have a few male members, while others are limited to women.

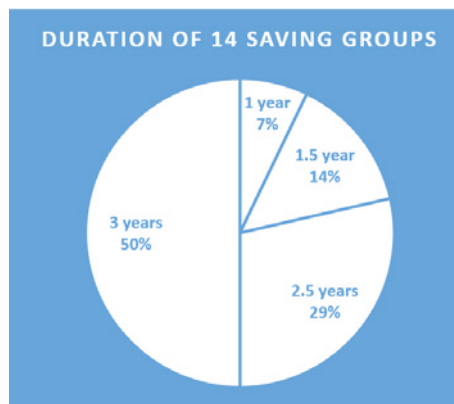


Figure 5.1 Duration of saving groups

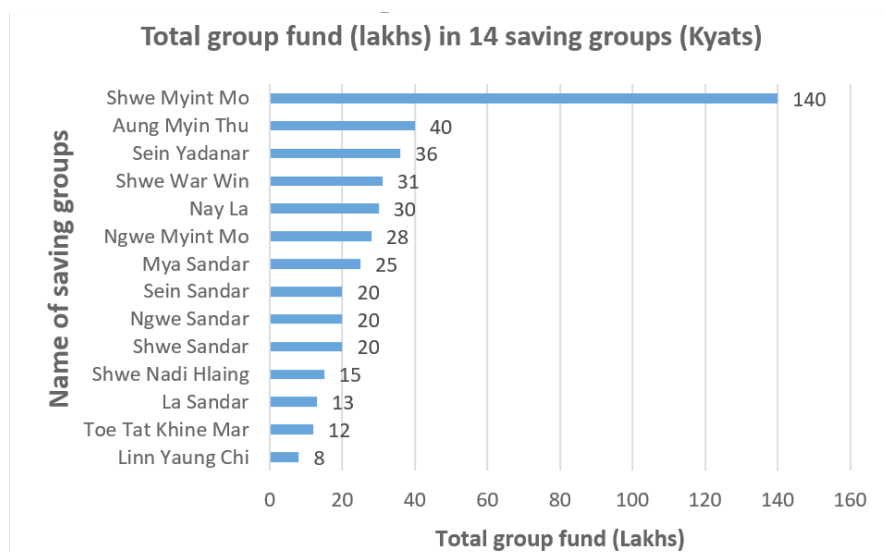


Figure 5.2 Total group fund (lakhs) in saving groups

Material pathway

One assumption of this research is that access to microcredit (microloans) would affect women's lives through the material pathway. Predicted changes include starting/expanding business activities and increased income, access to material resources, ownership of household assets and fulfilment of basic needs in the family. The study finds that access to credit has significant effects in women's access to financial resources and this material pathway is a starting point for women to be empowered. Under the material pathway, this study explores the women's (i) saving status, (ii) loan frequency, (iii) reasons for taking the loans, (iv) types of microenterprises established with loans and (v) life changes after access to microcredit.

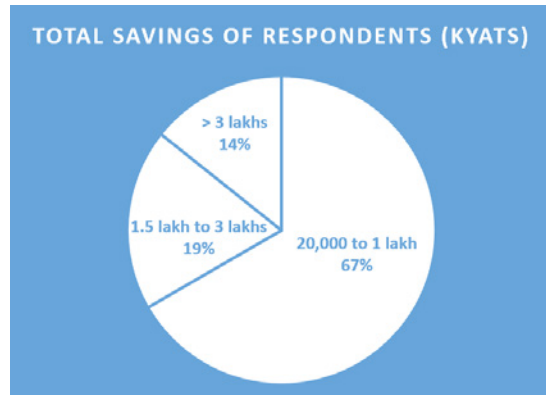


Figure 5.3 Total savings of respondents in in-depth interviews

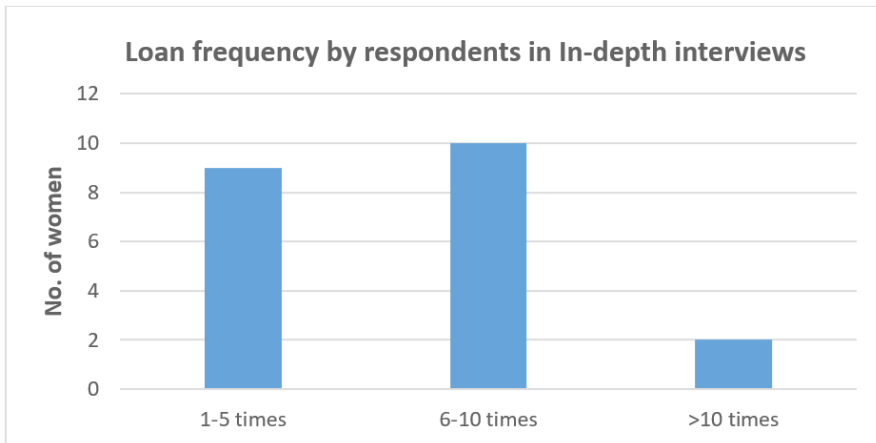


Figure 5.4 Loan frequency by respondents in in-depth interviews

Almost all women in the study responded that they have increased their voluntary savings compared to the initial period of the saving group (first 6-month banking cycle of the saving group). The lowest amount of savings reported by an individual member was 20,000 Ks and the highest amount was 500,000 Ks. The reason why they can save more than before is because they have expanded their business with loans from the savings group. All savings group members in the study had taken at least one loan. The loan amounts varied depending on the total group funds of each group.

All the women in the study had clear reasons for taking the loans. The most common purpose was for their business activities: almost all women in the study used the loan to expand their microenterprises. Another common purpose is for children's, siblings' and/or grandchildren's education (10 out of

21 women members). Three women answered that they used the loan for health purposes. Some women mentioned a combination of the above reasons. Business activities included increasing livestock stocks; purchasing more food supplies for animals; purchasing raw materials; purchasing new and more profitable products to sell; purchasing a refrigerator for storing products for sale; purchasing pesticides, fertilizers, seeds and tools for agriculture; daily labor charges for agriculture; and building a small food shop.

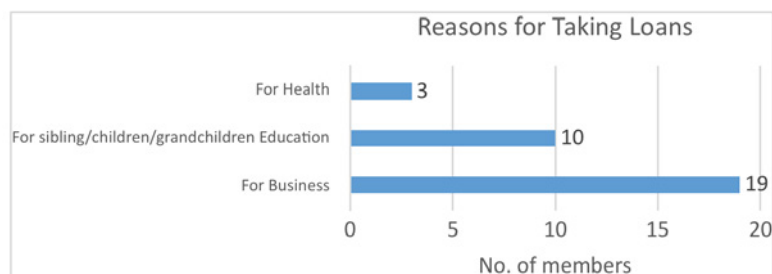


Figure 5.5 Primary reasons for loan-taking

Table 5.1 Overview of business activities by women since joining saving groups

No	Type of businesses	No. of women
1	Agriculture + selling agricultural products (pea, sunflower, sesame, tomato, chili, onion, cucumber, banana)	7
2	Animal husbandry (cow, pig)	2
3	Selling snacks (spring rolls, traditional snack)	2
4	Selling dried food products, soft drinks, clothes, medicine	5
5	Selling fresh food products (vegetables, beef, fish)	2
6	Tailoring	2
7	Running a small food shop	1

Before saving groups were formed, I sold fresh vegetables at home. I took the loans to expand my business and I went to the nearest town to purchase dried food products and sold it in my village. Sometimes, I purchased clothes, household medicine and other things according to the demand of my neighbors and sold to them. One of my dreams is to open a big shop in my village (39 years old, married)

In the past, I sold only dried food stuff at home. As I wanted to gain more profits, I took loans and bought a small refrigerator

to sell soft drinks and start a juice bar. After that, I could buy more rice, oil and clothes for my family because I had enough daily income from my selling business. (29 years old, married)

In terms of major changes after participation in saving groups and receiving microcredit, 10 out of 21 women of interviewees responded that their income increased as a result of earning more profit through business expansion. In general, all interviews reported that their livelihood status and also food security (ability to purchase rice, oil, snacks and meat) improved. Almost half of the interviewees highlighted their increased ownership of household assets (for instance, tools for agriculture, TV sets, refrigerators, cupboards, rice cookers, mobile phones, gold, bicycles and/or motorcycles), improved housing (for instance, installing solar panels, plating a small orchard, and/or repairing or extending the house), and increased fulfillment of family needs. Four out of 21 respondents mentioned the improved status of their children's education through access to better services like private tuition and boarding schools.

Two of 21 women reported they can access better health services in these days because of loans. Another two members answered that they can settle their previous debts because of improved financial status. One woman mentioned her increased savings and having future plans with savings as a change.

I had only one pig before. Since I can buy more pig food with loans, I breed three pigs now. The pigs gained weight quite quickly because of good feeding and they could be sold within six months. So I could settle our debts and our livelihood status is improved. (46 years old, married)

First, I sold Myanmar snacks [as a street hawker] and got 3,500 Ks as daily income. I took loans to expand my business and sold beef and fish at market. Now I earn 7,000 Ks per day and bought a TV set at home. (36 years old, married)

Cognitive pathway

This pathway includes changes in women members' level of knowledge and skills after participation in saving groups. As the services offered by Pact, a series of induction trainings and workshops are organized during project period. These trainings include:

1. Induction trainings for establishment of saving groups (savings, loaning, sharing dividend)
2. Introductory workshop on “How to use Self-Learning Materials” (booklets on ‘Road to Wealth’ and ‘Selling made Simple’ for business activities)
3. Mobile workshops (business management skills development, sustainability of groups, market linkage and impact sharing between groups)
4. Advanced trainings for management committee members only (financial management, accounting and how to use advanced banking forms)
5. Workshops on human rights (trafficking, child labor) and women rights (domestic violence and ownership of household assets)

During interviews, the most common new knowledge and skills reported are financial literacy (saving, loaning and sharing dividends) and business management skills. Half of interviewees are management committee members (Chairman, Treasurer, Secretary and Monitor) and they received advanced financial management and accounting training. These interviewees especially mentioned being able to perform advanced calculations using a calculator (8 out of 11 respondents who attended the advanced trainings) and how to use advanced accounting forms (financial statements and balance sheets). One of the respondents with ordinary member status answered that she watched how leaders use advanced banking forms and learned accounting by helping them.

Eleven out of 21 interviewees reported that they gained business management skills from reading self-learning booklets. They knew how to start a selling business, do's and don'ts in selling businesses, how to sell to get more profits, innovative ways of selling (e.g. good packaging) and selling clean food from ‘Selling Made Simple’ booklets. Six out of 21 mentioned that they now keep records of income, expense, donation and debt at home, which they learned from the business skills workshop. Three out of 21 respondents gained financial management skills both from attending workshops and reading booklets.

Four out of 21 respondents felt that during the workshops, they learned valuable facts about women's rights, women's leadership, women's ownership of assets, violence against women, and harassment. Moreover, 3 out of 21 mentioned that they also learned about human rights, trafficking and child labor issues. Four out of 21 women answered that they gained new knowledge and skills about teamwork, group management and working with rules and regulations as after participating in savings groups.

I learned about financial management by reading ‘Selling Made Simple’ booklets, and I always separate the income, expense and profit in my own business. I gained new knowledge about trafficking (especially about entry and exit points of neighboring countries) from the workshop. (48 years old, single)

As I took the secretary role in the savings group, I had advanced financial management training for leaders. I learned about advanced calculator usage and accounting. Now, I can use a calculator very well in my own business. Moreover, I understood the group management by working with rules and regulations in the savings group. (33 years old, married)

The study shows that management committee members (leaders) and ordinary members gained different sets of knowledge and skills after participation in savings groups. Leaders especially mentioned knowledge of advanced accounting and group management whereas ordinary members learned how to save money, the benefits of saving, loans and repayment schedules, sharing dividends and financial literacy. Women mentioned that while they did not even get a chance to write their names on paper in the past, now they are managing accounts by using advanced banking forms in the savings groups. This shows that women gained new knowledge and skills not only through trainings and workshops but also through long-term participation in the savings group itself.

We were unfamiliar with writing the name and signing in attendance sheet of trainings as we did not get a chance to write our names on paper before joining the saving groups. After the trainings, we learned how to use various banking forms and now we are used to documentation. (Participant from Focus Group discussion)

As almost all interviewees are doing business, they were satisfied to learn about business skills and to use some of those skills in their own businesses. Most of them are willing to attend more trainings to learn new business skills. Both leaders and ordinary members mentioned that they were also pleased to attend supplementary non-financial workshops (for instance, on women’s rights and human rights).

Perceptual pathway

The perceptual pathway explores changes related to women's perceptions of themselves, including (i) self-confidence, (ii) self-esteem, and (iii) how they can imagine their futures differently, as well as (iv) how they are perceived by others. According to the concept of empowerment used in this study, the ability to envision goals is a key step in the process of empowerment. Thus, this study assesses the participants' plans and ambitions for the future. Moreover, respect and recognition from family and community are observed as part of the wider social context. This study suggests that there is an overlap with other pathways (material, cognitive and relational) when looking at the perceptual pathway from external viewpoints.

First, 12 out of 21 women reported increased self-confidence. The reasons those 12 women gave for why they became more confident are varied and related to other pathways. Increased self-confidence relates to the relational pathway such as the ability to lead/participate in savings groups (5 out of 12) and cognitive pathway such as increased knowledge and skills (4 out of 12). Two out of 12 answered that their increased confidence is due to both material success and participation in saving groups. One out of 12 mentioned increased mobility such as the ability to travel alone to cities. This study notes that women became braver and they are able to talk and share their opinions and suggestions in the group and in the community (11 out of 21). In the past, they were afraid of people and mentioned that their voices and hands were shaking when the trainer told them to read the handouts during trainings.

Table 5.2 Reasons of increased self-confidence

Linked pathways	Reasons given for increased self-confidence
Material pathway	Financial security, material possession, able to run business successfully
Cognitive pathway	Literacy, knowledge (accounting, financial literacy)
Relational pathway	Recognized by group members and other villagers, able to lead/ participate in saving groups, mobility

I am feeling happy and satisfied because I became proficient in using advanced banking forms in my group. My self-confidence has increased as my knowledge improved and I have realized my dreams with increased savings. Moreover, I got recognition from group members as I can give good advice to them and can manage the group fund successfully. (32 years old, married)

Second, 10 out of 21 women reported increased self-esteem. Those ten described their self-esteem in their own words, such as being proud of themselves, self-satisfaction and understanding own strengths (such as ability to save money) and realization of self-values. The reasons for these changes are also varied and overlapped with other pathways. In addition, 7 out of 21 mentioned that they are feeling encouraged and secure because of increased savings and getting loans easily through participation in savings groups.

Table 5.3 Factors of self-esteem

Linked pathways	Factors of self-esteem		
	Proud of myself	Self-satisfaction	Realization of self-values/ understanding own values
Material pathway	Able to run business successfully	Increased income, material possessions, fulfillment of family needs	Ability to save money (increased savings)
Cognitive pathway	Leadership, literacy, increased intelligence, proficiency in accounting	Increased knowledge, proficiency in accounting	Improved selling skills in own business
Relational pathway	Improved social skills, teamwork within rules and regulations, ability to participate in community activities		

I was illiterate before and now I have become more intelligent and knowledgeable. So, I am proud of my improved situation. Moreover, I am feeling encouraged and satisfied with participating in the saving group as I can get loans easily and I can expand my animal husbandry business. (55 years old, married)

Third, 12 out of 20 participants answered that they received respect and recognition from family members and community. Most of the women are recognized because of their improved role as leaders in the saving groups (8 out of 12). Two out of these 12 women attributed increased success to their improved livelihood situation. Another two women mentioned their active participation in community groups as a reason. One woman responded that she received respect from group members because she is proficient in accounting and can manage the group's finances well. In addition, she received recognition from her husband for her increased savings and the community recognized her as a volunteer leader of the savings group in the village.

Table 5.4 Reasons of receiving respect and recognition from others

Linked pathways	Reasons of receiving respect and recognition from others
Material pathway	Improved livelihood situation, increased savings
Cognitive pathway	Knowledgeable (accounting), leadership skills
Relational pathway	Participation in community groups, group management

I am able to talk, explain and discuss the important issues in our group. Villagers recognize me as a successful leader and are impressed with our group situation as the total group fund is now around 100 lakh [10 million kyat, approximately US\$7,400]. I am proud of my leader role not only in the saving group but also in other community groups. (26 years old, married)

Regarding the future plans of women in the savings groups, women reported plans for various aspects of life such as family/children, business, saving groups and community. The most common goal is for their children/grandchildren's advanced education (10 out of 21) and to hold the religious ceremony of their son/grandson entering novice life. Other common goals are to buy various household assets, including livestock, a TV, a refrigerator or motorcycle, and to build a new house or repair their current house. Seven out of 21 women have goals to start a new business goals or extend the current one. Both leaders and members (9 out of 21) have long-term plans for the sustainability of saving groups such as increasing the group fund, improving group unity, handing the group over to the younger generation and to do business as a group. Finally, 10 out of 21 highlighted their visions for their villages, including increasing electricity supply, improving roads, creating a library, building a religious building, installing a water tank, starting a health clinic and buying a trailer jeep for transportation. The majority of women reported that their goals of increased income, success in business and improved livelihood status are strongly related to their saving groups and savings-led microcredit can help to realize most of their dreams.

Relational pathway

The relational pathway captures changes relating to social interaction, and this study investigates factors such as decision-making, mobility, participation in social networks and organizational strength. The study finds that changes in other pathways affect changes on the relational level. Male-dominated gender relations are common in Myanmar culture, and intra-household relations are

important indicators for women's empowerment. For example, increases in women's income may lead to increased contributions to the family finances, hence causing changes in decision-making processes in the home.

Five out of 21 women stated that they took a major decision-making role at home both for business and household affairs. In some cases, husband and wife make decisions for their respective issues of control, and the other family members accept their opinions and decisions. The majority of research participants answered that decision-making is shared for all issues at home and some of them even take a leading role. This is also the case for single women who live with parents and/or siblings.

I took the decision-making role for business and children's affairs at home. I was selling dried food items at home and extended to sell soft drinks by using loans. My husband is a government staff member, and he accepted my business ideas, opinions, and decisions. I can encourage non-member women to join our savings group by explaining the benefits when they come to my home as customers. (29 years old, married)

In addition to intra-household relationships, the relational pathway also captures changes related to the women's participation in social networks or group memberships in a broader sense. Eleven out of 21 women (both leaders and ordinary members) answered that they became socially-recognized. They highlighted their wider social networks and improved social dealing skills such as communication and speaking skills after participation in saving groups. This suggests that organization of savings groups leads to strong social bonds between women members. Seven out of 21 women reported that they became leaders not only in the savings groups but also in other community groups such as maternal and child health and agricultural groups. One leader shared her experience as follows:

I was one of the four leaders in the first savings group and gained trust and reliance not only from members but also from non-members. Last year, there were many non-member women who requested me to form and lead a new saving group. At first, there were many challenges to form a new group and my husband did not allow me to do it as he was afraid of conflicts with others. However, I put in my best effort to replicate the new group and got trust from my husband and the group members. (35 years old, married)

Next, 3 out of 21 women (especially women with selling business) mentioned about their ability to travel alone (increased mobility) to nearby towns and even to the main commercial center Yangon, which is far away from their Dry Zone area. The reasons why they travel are to purchase goods at wholesale prices in towns and to expand their shops at home by selling various items which are requested by customers and which can only be purchased in towns. Receiving loans to expand the selling business are also motivated women to travel to distant places and sell goods in towns.

Regarding organizational strength, 10 out of 21 women stated they are capable of supporting their groups to increase members, support group unity and resolve problems. Ordinary members reported they can encourage other women to save more and mobilize members to attend weekly banking meetings. Both leaders and ordinary members mentioned successful collective group actions, including donations of cash to the Village Health Development Fund (VHDF), in-kind donations for village ceremonies, donations of nutritional food to school children and other group activities such as cleaning public places by collecting rubbish and assisting in road construction.

I always mobilize and gather people to attend weekly banking meetings. Moreover, as I explained the benefits of participation in savings groups to members who wanted to quit, they realized the benefits and changed their decisions. I became socially-recognized in those ways. (35 years, married)

Leading pathway to women's empowerment

Out of the four pathways (material, cognitive, perceptual and relational) for women to be empowered, the most important or leading pathway as perceived by twenty-one respondents from six villages are as follows:

Table 5.5 Leading pathway identified by respondents

Leading Pathways	Material pathway	Cognitive Pathway	Perceptual Pathway	Relational pathway	Total
Leaders	1	9	0	1	11
Ordinary members	4	3	2	1	10
Total	5	12	2	2	21

It is noticeable that 12 out of 21 identified the cognitive pathway as the leading one. The cognitive pathway includes increased knowledge and skills in financial literacy especially accounting, leadership, group management

capacity (especially working with rules and regulations), and business management skills. Among these 12 women from the six villages, 9 are current leaders and 3 are ordinary members. Women described their new knowledge about saving, loaning and accounting; formation of saving groups with rules and regulations; and expanding business activities. Regarding new skills, women mentioned financial management, business management, leadership, and strategic thinking. Some believe that gaining necessary knowledge and skills is the main reason for gaining more confidence, not only to do business activities but also to take leader role in saving groups.

First, gaining new knowledge to form saving groups and to do selling business through trainings and self-learning materials. Then, self-confidence is increased and that is why I can lead our group and also can run my own business. (48 years old, single)

The second most commonly-identified leading pathway is material. Six out of 21 (five ordinary members and only one leader) answered that increased income and success in business activities via loans are important to fulfill the family needs. They mentioned that they got recognition from others because of their improved livelihood situation. They believe that financial status play an important role in daily lives.

I think financial security is the most important for me. As the income increases, I can do whatever I want and also fulfill the needs of my children especially for education. I believe I got the [higher] status in the community because of my improved situation. (49 years old, married)

Two out of 21 (one leader and one ordinary member) identified the relational pathway as the main driver. They met with people and gained social skills like how to deal with people through leadership of or participation in saving groups. They report that they received recognition from other people for successful participation in community activities and their wider social networks. Two ordinary members reported the perceptual pathway especially self-confidence as the leading pathway to becoming empowered.

For Pact, I arranged to form saving groups by gathering people and mobilize to save more and more. Moreover, when officers from UNHABITAT came to our village for a water pump project, I advocated and showed how villagers collect water. Finally, our village was included in the water project. I received respect and recognition as I contributed to our village development as much as I can. (63 years old, married)

Dropout members

Table 5.6 Main reasons of members drop out

Main reasons for dropout	No. of women
Frequent travelling and no time to attend meetings and save money	6
Weekly banking meetings take too long, have to wait for other members to join (timewasting, impatient)	
Not enough time for saving group (busy at home, four children at home)	
Had to take loans without desire and needs (with lottery system)	1
Not enough daily income for weekly mandatory saving 500 Ks	2

Among the eight dropout members interviewed from five saving groups, the primary reason for leaving the group was that they did not have enough time to participate in saving groups, especially the weekly banking meetings. Two out of 8 women reported that they have difficulties to save regularly because of their livelihood situation. One woman answered that there was a rule for all members to take the loans by lottery system in the initial period of the savings group because there were no members who wanted to take loans. Some members who did not want to receive loans referred to that system as ‘unlucky draw’. This member did not like that rule and quit from the group. In these days, there are many members who want to take loans, so that the group no longer uses a lottery system to allocate the loans.

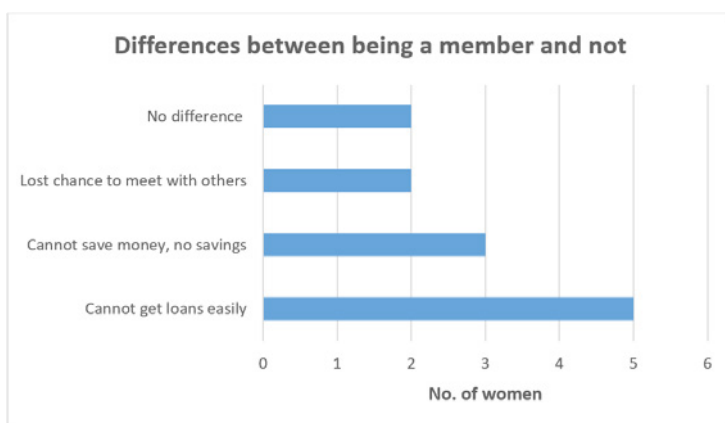


Figure 5.6 Differences between being a member and not

The greatest loss identified by dropout members is that they cannot get loans easily after leaving from saving groups. Moreover, women mentioned losing the chance of saving and receiving shared dividends from their savings as

benefits. Some answered that they were happy to meet with women members during weekly meetings and became close friends. They got help from members and could solve personal problems with the support from members.

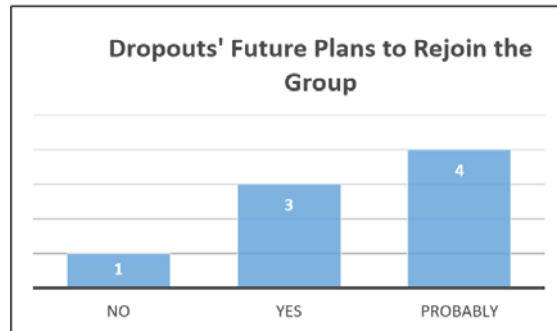


Figure 5.7 Rejoining the group in the future by dropouts

Four out of 8 dropout members answered that they will probably rejoin the saving groups under some conditions such as when their children grown up, when they do not need to travel frequently and are stable living in the village.

Challenges in savings-led microcredit approach and women's empowerment

Most of the staff interviewed mentioned having time constraints when conducting the series of trainings, especially during seasonal agricultural periods when women are usually busy with farming. They also mentioned that in the previous years, when mobile phones were not readily available, they faced difficulties in communicating with remote villages to request dates for trainings and activities. Moreover, both trainers and participants found it difficult to use advanced calculation methods during advanced accounting training for leaders, as most of the women were semi-literate. Trainings were conducted at night in some villages, and in those cases participants were not as active because they were tired from their busy schedule during the day. To solve those problems, trainers used an appreciative inquiry approach and good facilitation skills such as cheering and humor.

Regarding the WORTH approach, although women were comfortable with weekly savings, they found it difficult to meet the weekly repayment schedule, especially those who do seasonal farming with no stable daily income. Most of the savings groups changed to a monthly repayment practice according to members' needs. Another challenge is related to using advanced banking forms in running village banks. Many leaders requested to use fewer forms as

they found it difficult to use all eleven forms completely. Many groups simplified the bookkeeping system on their own, reducing the forms required.

The WORTH model encouraged the groups to lend only for business purposes to ensure that borrowers can pay back the loans on time easily with income earned through business activities. In reality, women took loans for a variety of other reasons such as health and education. In some cases, women used the loans for social events like religious ceremonies for their sons entering novice life, or for improved housing. Some invested the loans in land, which may be a sound economic decision but makes weekly/monthly installments difficult without an immediate economic return. Sometimes, women took loans easily without a specific need, which can lead to cycles of debt. In fact, leaders were unable to prevent members taking loans without a productive purpose, and non-revenue-generating uses of loans can delay repayment.

Although it is recommended in the WORTH model to share dividends after closing each 6-month banking cycle, some savings groups could not close within 6 months as the leaders are not proficient in calculating dividends to close the banking cycles. Sometimes, leaders made mistakes in calculations and had to fill resulting gaps with their own money. Proficiency in accounting by leaders is essential for sustainability of savings groups. Leaders lost trust and reliance from members in some of these types of cases.

Leaders are just volunteers elected by members, but they have to put much effort into their groups. It is recommended in WORTH to rotate the leaders' role every 2 years, but it is difficult to hand over from leaders to ordinary members. In some villages, leaders are not comfortable in managing group affairs and keeping accounts as the number of members has increased and they want to change their positions. However, ordinary members have no desire to take the leader's role as they see the work of leaders is highly responsible, time-consuming and challenging. Young members are busy with their education and have no interest to learn accounting while elder members are not able to learn advanced accounting. Although it is recommended to form new groups with increasing number of members, leaders are not available for replication of groups.

Challenges for the economic empowerment of women include deeply-rooted social norms and hesitation to start new a business or change from traditional farming to another business. This study finds that some women have no desire to lead and want to be followers only. Women prefer to perform daily agriculture and livestock and have trouble running a selling business due to various contextual factors. For example, women from remote villages found it difficult to go to towns for purchasing, and women from villages which are

very near to towns cannot make profits by running a selling business because villagers can buy the same goods easily by themselves. Moreover, the members are afraid of villagers trying to buy with credit. Therefore, investing money to initiate a selling business seems risky for them.

It took years for savings groups to increase social and psychological empowerment by women in targeted villages, as women assumed the savings groups were just for credit purposes only. They realized the importance of women's empowerment issues later in the project period.

Suggestions for the savings-led microcredit approach

In general, women members are satisfied with participating in the savings groups and getting loans easily with a low interest rate (3% to 4% only) and a weekly/monthly repayment schedule. Weekly repayment practice is especially found in stronger savings groups with higher total group funds and active lending. In the past, women in the project area had to take loans with high interest rates (10-15% with one-time repayment) from wealthy people and moneylenders in the village. Sometimes these loans were not available, even with collateral. The women felt inferior when requesting loans and were unhappy to pay a high interest rate from their income. Sometimes, they sold their agricultural products at a very low price to settle the debts. In recent years, women took loans easily and frequently (around 5 to 10 times) from their savings groups for their business and other reasons. They are confident to take more and more loans as they can repay with installments from their income. They are happy to pay interest for those loans because that interest is shared as dividends for all members after the banking cycle. Women can earn more than 10% return on their savings as shared dividends after each 6-month banking cycle.

Weekly banking meetings are essential for women as they are not simply a credit group. During weekly meetings, they discuss a broad range of issues such as business ideas, social issues, domestic affairs, health, and education. High attendance rates are the key for success of savings groups.

The groups have achieved almost 100% repayment, and there were only a few loans in arrears (late repayments) in some groups. In cases of late payment, leaders charge a fine or extend the deadline, adding more interest. The reasons for high repayment rates relate to reputation and refinancing. Easy access to credit with low interest rates is valuable for rural women, and defaulters cannot receive loans in the future. Moreover, the loans are funded

by individual savings and enforced through peer monitoring, which is employs social capital and can be an important reason for success of village banks. The majority of women repay the loans simply as it is the right (moral) thing to do and some are likely to repay if others in the community are observing their behaviors.

Women members reported that at first they joined the saving groups with the sole intention of taking loans easily. However, their mindsets changed and their participation in the group became about more than money. Other factors for participation included intellectual development, economic empowerment, social empowerment, and changes in their roles in their family and their community. The savings groups have moved beyond providing financial resources, as was their original intent, and have become 'social safety nets' for rural women.

The key elements for successful savings groups are group spirit and understanding among members, unity, trust, teamwork, prevention of financial mistakes in accounting, and working according to the rules and regulations. Savings groups' members have a sense of ownership in the group, and women believe that the savings groups transformed their lives in many ways. Thus, they put much effort into ensuring the sustainability of their groups.

6

MAIN DISCUSSION

Material pathway

In the study, most of the women invested in their business through loans granted by their savings group, which shows that microcredit can provide rural women with the necessary financial means to grow their businesses. Women who participated in this research became economically independent and their statuses changed from a person without income to regular earner, and from running one business to running more than one. This research found that dependent woman without any business activity in the Dry Zone are very rare, and most women are familiar at least with traditional agriculture before forming saving groups. In general, the majority of women members invested their loans to broaden their livelihoods by expanding their current agricultural and livestock activities; for example, women who raised pigs used loans to buy cattle. New business practices such as starting a selling business were also one of the outcomes of microcredit in the villages included in this study. Women used their loans to purchase more products with better prices in more distant places (e.g. in the nearest town). It is notable that some women started new home-based women-led microenterprises such as tailoring and weaving businesses, which were rare in the targeted villages before the savings groups started. Hence, the findings of this research support the idea that microcredit leads not only to maintaining or expanding existing businesses but also to diversification of women's businesses which can lead to women's economic empowerment.

This study suggests that access to microcredit has a significant positive impact on livelihood stabilization and increased income for the majority of members (more than 50% reported increased income). Those income

changes can ensure material security. Larger loan sizes are now demanded by women with ambitious business plans to invest more in their new business. Moreover, with increased income, women can increase their cash savings to support household wellbeing, especially for children's education and emergency healthcare needs.

Increases in income can lead to changes in women's expenditures, and this research found various expenditure patterns for immediate needs, strategic needs and consumer goods in the research areas. Expenditures on immediate needs such as health and food have increased and expenditure on strategic needs such as business investment and children's education are also visible. Household assets, so-called consumer goods, are highlighted by respondents as fulfilling family needs. Not all household assets mentioned by respondents are luxury goods; for example, refrigerators can be used in selling soft drinks and bicycles are used by the children to go to school and attend tutoring classes which are far away from villages. Half of the respondents invested their loans in their children's education and those investments have led to increased access to higher education for savings group members' children. Although microcredit may appear to have only short-term stabilizing effects for women, potential for long-term stabilizing effects are seen in those cases with expenditure on strategic needs and household assets.

To summarize, microcredit allows positive changes in material pathways such as increased access to financial resources, new business opportunities, improved earning capacities, poverty-reduction, and eventual economic empowerment of women. These changes also foster further empowerment processes. It is important to note that the material pathway is closely linked to other pathways, for example, business activities depend on business skills (cognitive), self-confidence (perceptual) and mobility (relational).

Cognitive pathway

Under the cognitive pathway, women members gained new knowledge on financial literacy and business skills, mainly from induction trainings, workshops and self-learning booklets. Management committee members (chairman, secretary, treasurer and monitor) reported significant increases in knowledge on accounting, bookkeeping and the use of advanced banking forms through advanced trainings for leaders. The majority of women leaders have only primary education and had no chance to even write in the past. They learned how to manage the savings groups with transparency, accountability, and participation through advanced trainings for leaders. They

are now managing the savings groups successfully. As women in the rural villages accept using calculators and managing accounts as valuable skills, they feel encouraged, empowered, and appreciative of learning those skills.

This research suggests that participation in trainings as part of microcredit programs leads to increased knowledge and leadership skills, which in turn leads to women's social empowerment. In addition to the series of trainings offered by Pact, it is notable that after attending an impact-sharing mobile workshop by led successful savings groups, women from Myauk Kyi village gained awareness and decided to form savings groups in their village, after previously dropping out of the program. They eventually formed 5 savings groups and became the most successful village in the project.

Women with ordinary member status started or expanded their business using loans after the induction trainings. In these trainings, they gained useful business management skills, for example, calculating the expenses and profits before starting a business and record keeping for income and expenses. Women who are running a selling business became proficient after using the self-learning booklets to learn innovative ways to get more profits. They added different goods to sell and changed their manner of selling. For example, street hawkers starting using bicycles or motorcycles to sell the goods in other villages. Moreover, after the market linkage workshop which included a field visit to big markets in the nearest towns, the business ideas of women were developed and then they came to those big markets and sold their agricultural products directly, without brokers in-between. This study finds that women in the study received the necessary knowledge of financial literacy and business management skills that allowed them to be successful in women-led microenterprises.

Women also learned about women's rights and land rights from workshops. After these workshops, they became aware of their current problems related to land, especially in agriculture. As a result, they went to the government offices for the first time and registered their land.

The important elements of success in trainings and workshops are not only the availability and quality of the training or workshop, but also the participants' willingness to learn, utilize the knowledge and try out the skills. Changes along the cognitive pathway can lead to changes in other pathways, such as increased self-confidence and self-esteem due to improved knowledge and skills (perceptual pathway) and widened social networks after participation in trainings and workshops (relational pathway), since some workshops are conducted for women members from various villages together in the same training.

Perceptual pathway

According to the perceptions of women in this study, reasons for progress in indicators such as self-confidence and self-esteem are interlinked with other pathways. This study finds that that participation in a microcredit program leads to increased self-confidence, but argues that material success is not the primary reason for the increase. A majority of women attributed their increased self-confidence and self-esteem to intellectual development, leadership role, and participation in saving groups through trainings and workshops.

One improvement that demonstrates women's increased self-confidence is the ability to speak out about issues of concern to them. That ability was initiated during attending trainings and workshops. At the beginning of the project, the majority of women in the study had only primary education and some were illiterate. They had no experience attending trainings, especially those using two-way communication which includes asking women's experiences and suggestions. At first, they were afraid to speak up and to read, write, and calculate during trainings led by trainers who they did not know. Later, they became used to group discussion, presentations and addressing related issues in their communities. According to trainers and volunteers, women improved their speaking skills (right timing, choice of words, and ways of speaking) and were able to ask appropriate questions during later workshops. Moreover, women began to discuss their village's situation outside of the trainings and took leading roles in community activities. Consequently, we can see that some women became both economically and socially empowered due to increased self-confidence after participation in saving groups.

The second factor in the perceptual pathway is self-esteem, measured by indicators including that women are "proud of themselves" and report self-satisfaction and realization of self-values. Most of the respondents in this study described the reasons for their self-esteem through a combination of two pathways. For example, they realized their values and were proud of themselves because of both increased knowledge (cognitive) and successfully running their own businesses (material). The main reasons given for increased self-esteem were based on the cognitive pathway, such as leadership skills, proficiency in accounting, and knowledgeability on other issues. The second-most common set of reasons is related to business, such as increased income and fulfillment of family needs. Some women drew a great deal of pride from their business skills and increased savings, especially transforming their loan into greater income with those skills. This study

argues that increases in self-confidence and self-esteem stem not only from access to microcredit, but are based on capacity-building trainings and continue through participation in savings groups as leaders or members. This suggests that changes in women's perception of themselves are related to relationships beyond the private sphere.

Next, perceptions at the relational level, that is, how women are perceived by others, are also mixed. Generally, the relationship between financial status and respect is well understood, but the majority of women in this study also mentioned that they are recognized by others (family members and community) for their improved leadership role in savings groups. Some women received recognition from their neighbors for establishing a new selling business, achieving greater earnings, and improving their livelihood status. Women in this study reported that their husbands recognize their wife's role as a leader in community groups and a main contributor for family expenses. Therefore, participation in socially-oriented groups can lead to increased respect and recognition and allows women to support their psychological empowerment.

To conclude, capacity building trainings and participation in socioeconomic groups provide women with useful avenues to self-confidence and self-esteem. Although microcredit alone can provide opportunities to take pride in increased household contribution through increased income, it is not the sole influential factor for all changes along perceptual pathway. However, it is not clear from this study whether increased respect and recognition have a positive impact on women's social interactions and have potential to move to other dimensions of empowerment such as political.

Relational pathway

Under the relational pathway, this study highlights household decision-making, women's mobility, and social networks. The study finds that women with increased income do not necessarily have increased decision-making power in the family. In accordance with traditional and cultural norms in Myanmar, the majority of women in this study practice shared decision-making processes between their parents, husband and other elders at home. Usually, the husband and wife hold the decision-making power for issues in their respective spheres; for example, women make decisions for childrearing and intra-household issues and men make decisions about business. Women research participants took loans for business reasons and discussed the new business ideas with their husband and uncles, and sometimes asked for their

support to start/expand the business. Although they can perform well in family businesses and also in savings groups, they gave priority to the elders and their spouse for important decisions according to social norms. Only 5 out of 21 women 25% of women in this study are independent from their family members for business issues and take all responsibilities at home. In those cases, husband earns very little or is unemployed and finds it difficult to oppose the decisions of women who can earn a lot.

Next, the study found increased mobility for some women who are selling products and travel to the distant places to purchase or sell the various goods at more advantageous prices. They expanded their selling business via loans, and those women with increased mobility are more economically empowered than before they joined the savings group. According to tradition in Myanmar, it is not easy for a woman to travel from rural villages to cities. Women highlighted their self-confidence and courage to travel alone and mentioned receiving support from relatives in cities to sell the products of the Dry Zone in other places. An increase in selling business activities triggers an increase in mobility and it allows women to visit various places and to widen their social networks. According to the study, we can confirm that microcredit promotes mobility to some extent and creates opportunities of public exposure for socially-empowering changes.

Regarding social interactions, women in the study showed a sense of belonging to each other and also shared concerns. Social cohesion can be considered an advantage for women's empowerment and enhances women's social skills and social interactions among women. Women in the study participated in various community activities, especially donating savings group interest for community development purposes. By doing so, they gained recognition from the community which leads to social empowerment. This study finds that saving groups function as a breeding ground for common interests and stimulate the development of collective social actions that lead to further empowerment. Since women in Myanmar, especially in rural villages, are generally not active as men in the public sphere due to social and cultural norms, those changes in the activities of women members became a basis for social empowerment. Although women's social empowerment is not a priority goal of microcredit compared to economic empowerment, success stories of socially empowered women are seen in most of the project villages.

Women's future plans

A majority of the participating women's perceptions related to microcredit involved feeling encouraged and secure because of increased savings and easy access to loans via saving groups. Realizing financial security can solve many of women's problems. Consequently, women imagine their world differently by setting goals and action plans. In the past, women in the study were struggling with difficult livelihood situations, especially debts, and had no chance to dream of their future visions. However, they gained financial security through savings groups and now have ambitious plans related to their children, their family and their business. Most of the women have similar plans such as children's higher education, business expansion and improved housing. Moreover, women have long-term plans beyond the material sphere and family issues. One common goal is for the sustainability of their saving groups. In addition, half of the women in the research dream of their village's development with full infrastructure.

Realizing plans is more difficult than simply imaging them. Women now feel more positive about realizing their plans via microcredit as it can help achieve their goals such as investing in education or property. Although it is easier to recognize the short-term plans and achievements, it is difficult to see the progress of long-term goals. Nevertheless, microcredit had led to changes in women's visions and it can play a critical role in changing women's perception of their ability to achieve their goals, contributing to women's psychological empowerment.

The role of leaders in savings groups

In this study, 11 out of 21 women participants are management committee members, so-called leaders, and they play a significant role not only in formation but also in organization and sustainability of village banks. Most of them initially participated in recruiting women to form groups and then members chose them as leaders through a voting system. In order to run the saving groups, they attended basic and advanced accounting trainings for leaders. During those trainings, the elected leaders were closely guided and coached by the trainers. In general, leaders gather members for trainings and weekly meetings, collect savings, provide loans, collect repayment money, distribute dividends, and take responsibility of bookkeeping using various banking forms.

We can identify the initiating factors for empowering process by looking at those women leaders, since they got respect and recognition from others for their position. The majority of leaders were between 25 and 35 years old, with only two women over 40, and it seems that most of them were not well-known, respected women before they joined. Regarding education level, most of them have only primary or middle-school level education, with only three women who finished high school. The primary reasons why they were elected is that they were seen as energetic, quick learners who can learn advanced accounting and can share their time for community activities. Later, they got trust and respect for their proven organizational skills and for not making mistakes in the group's accounts, which led to successful village banks.

In many cases, women leaders are proud of themselves for their increased knowledge on accounting gained by attending additional trainings, and for their improved social skills gained by taking a leading role. Some of them became leaders of other community groups in the village. This study shows that women leaders have advanced in both social and psychological empowerment along the various pathways and the leaders became vehicles to support empowerment process. Membership in saving groups and leadership development are closely linked. Thus, the study concludes that capacity-building trainings for rural women with low education levels are compatible with chances for women to gain experience as leaders. These women leaders' commitment to serve as volunteers for community development is also remarkable.

Leading pathways to women's empowerment

The framework of empowerment via four different pathways in this study allows a more structured approach to analyzing women's change processes. However, it is still complicated to cluster the women into different degrees of empowerment as changes occur in a complex and interdependent way. Therefore, it is not possible to analyze whether one woman is more or less empowered than another woman. Moreover, the study cannot confirm whether women from stronger villages/groups are more empowered than women from weak villages/groups as it depends on individuals. This study can identify only the different leading pathways to women's empowerment. Although the study first assumes that the material pathway will be the main driver for women's empowerment, it is noteworthy that the cognitive pathway – involving knowledge and skills – was identified as the main driver by 12 out of 21 women. In general, the savings-led microcredit

approach starts with capacity-building trainings for women – so-called awareness raising – and moves to other changes such as increased income via loans for business activities. It appears that women in this study value their intellectual power rather than financial success.

However, we can see that 9 out of 11 women who reported the cognitive pathway as the leading pathway are leaders of saving groups. There may be a bias because women leaders received additional trainings and got exposure to learn other skills by managing the savings group when compared to ordinary members. Moreover, the second-leading pathway is material (5 out of 21 women identified this pathway as most important), and 4 out of 5 women who chose that pathway are ordinary members. The only factors they mentioned under the cognitive pathway were learning business skills through booklets and workshops, and they said that being financially secure is more important for them. It is unclear whether the same results would be seen if more ordinary members were interviewed. Nevertheless, the study can conclude that a literacy-led empowerment approach is realistic for women in the study, and that changes along cognitive and material pathways are essential for women to be empowered on economic, social and psychological dimensions.

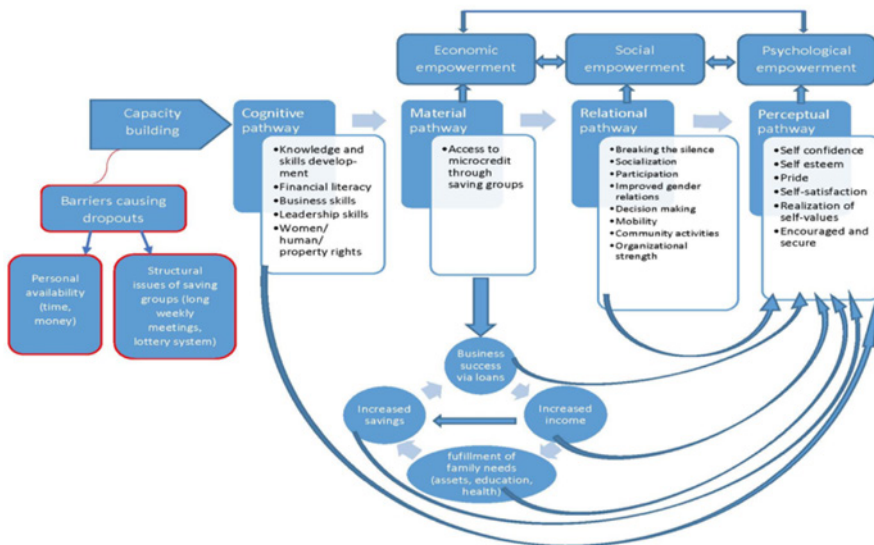


Figure 6.1 Summary of research with causal links

7

RECOMMENDATIONS AND CONCLUSION

Recommendations

1. High attendance rates for weekly banking meetings is a good indicator of the sustainability of successful savings groups. By fully attending all meetings, members can understand the situation of savings group and the role and workload of leaders. MFIs should thus promote that all members participate fully in all meetings.
2. Increased total group funds and active lending in stronger groups are results of practicing a weekly repayment schedule. This study found that non-productive use of loans delayed repayment and many groups changed to monthly repayment. This does not generate as much interest as weekly and members can be overwhelmed by needing to make large payments. As women who have stable daily incomes are more able to make weekly installments, members should be encouraged to use the loans on business purposes such as to expand or initiate a new profitable business.
3. The bookkeeping system of WORTH, using advanced banking forms, provides strong checks and balances of accounts in running village banks. However, most of the leaders were not comfortable with these forms and reduced the forms to simplify and accelerate the weekly banking process. It is also challenging for women leaders to share many hours of their free time. Thus, time-saving measures for using those banking forms should be introduced.
4. Management committee members in saving groups should practice the rotation of leadership roles with ordinary members to share the workload and to ensure the transparency and accountability of groups. Doing so

can lead to capacity building of ordinary members and longevity of saving groups. Therefore, it is recommended for the project staff to find out the ways to encourage frequent rotation and support handover processes.

5. Not only individual business but also group businesses by members of saving groups are found in some project villages which are not included in the study. For example, purchasing clothes with group fund and selling in the village or selling traditional snacks/stuff in social occasions and religious ceremonies by saving groups in the village. It is found that women gained not only profits by collective income-generating activities but also unity/harmony and group consensus among members. Moreover, some women who are not confident in selling business learned the selling skills via group selling business and got the new business idea. Therefore, group businesses are highly recommended both for sustainability of saving groups and individual women empowerment.
6. To assess the content and implementation of trainings and workshops, MFI project staff should draw upon feedback from the women clients. The MFI should adapt the existing trainings or set up new ones according to clients' needs. For example, additional trainings could include innovative business skills for financial challenges and leadership skills for social empowerment. This research found that women prefer self-learning colorful booklets namely 'Selling Made Simple' for business skills and those kinds of booklets should be published more.
7. Exchange workshops among saving groups should be conducted frequently to support peer-to-peer learning initiatives. The host organization should take a facilitation role to include the new ideas and practical experiences of women and discuss the best ways to promote women's multidimensional empowerment. Furthermore, knowledge management and information sharing between other microcredit institutions especially for strategic development should be established.
8. Women play a vital role in building resilient communities and therefore capacity building for women to manage community activities should be enhanced. To promote the change processes in community-level women's empowerment, village development committees in rural villages should be formed with women members to ensure the active participation in local governance issues.

Recommendations for further study

Like other savings-led microcredit programs, the WORTH model has not been noticed by the development actors even though it has contributed to economic and social empowerment of hundreds of thousands of women around the world. Therefore, more research and publications on the successful and cost-effective savings-led approach are highly recommended in order to reach out and educate others.

Due to time limitations on the field research, the researcher chose only one township and 6 villages under the Dry Zone. Therefore, further research should be conducted among various townships from the three regions of the Dry Zone to examine whether women from other townships and regions have different experiences. Moreover, this study is conducted among women participants under the Shae Thot project. Other research could be conducted to compare project villages and non-project villages to see the impacts of microcredit programs. In addition, this study covers women's economic, social and psychological empowerment and thus the potential for microcredit to contribute to political empowerment would be interesting to study.

Conclusion

According to the change processes through four different pathways, we can see that both access to credit and gaining knowledge and skills are important, interdependent factors for women's economic empowerment. Women in the study used the business opportunities through loans for increased self-employment, household income, and economic security. Moreover, they used the financial and business knowledge and skills they gained in their own businesses to earn more profits. This shows that microcredit not only causes women to be more productive, but also has become a mechanism of intervention not only for poverty reduction but also for women's economic empowerment. Women are primary caretakers in their families, so helping women get enough daily income can improve the socioeconomic status of the entire household. As microcredit has strong potential for women to be economically empowered, it should be one entry point to include in women's empowerment agenda. This study finds that most of the women who participated in the research achieved significant economic goals. However, economic empowerment does not consist only of material change, but depends on changes in other dimensions of empowerment.

The savings-led microcredit approach is based on a group approach. It creates a community-based structure and builds mutual support and trust among women members. Because of flexibility and grassroots-level organizing ability, group-based microcredit approach mobilizes and organizes women with low income. Women in this study developed not only affection and networking but also coordination amongst themselves. This approach proved robust and resilient for rural women who have shown their ability and commitment not only to access credit but also for social empowerment. This study finds that women can create a new image of themselves through intellectual development, village banking, women-led microenterprises, and social cohesion.

Finally, the women in this research have increased their self-confidence and self-esteem through participation in saving groups and also received respect and recognition from family and community members. These findings indicate that changes in the behaviors, beliefs and mindsets of women can lead to psychological empowerment. Women became community leaders because of the distinctive features of savings-led approach and finally move from being receivers to benefactors in the communities. In this way, women's empowerment is a key element in community development as it puts people in the center and facilitates a broader development process.

This study shows not only the efficiency and effectiveness of village banks but also the important role in transforming women's lives by highlighting the core components of WORTH: literacy, banking and business. All microfinance programs promote access to microcredit for increased economic activities and poverty reduction. However, WORTH is about more than that as it focuses on multidimensional empowerment of women through literacy-led empowerment model. This is the main difference between WORTH and traditional credit-led model and also other savings-led microcredit programs. Women in the study placed high value on WORTH's financial literacy component together with access to microcredit. Moreover, they gained practical leadership skills, engaging in public sphere via community development activities and speak out about their rights especially women rights and property rights. Accordingly, village banks helped women to develop their abilities in order to change their lives, improved income and overall wellbeing in their communities.

We can see that women's multidimensional empowerment is not an immediate result as it is an impact-level objective and there are many challenges and obstacles to overcome. Sustainability is a common concept in development and an ultimate goal which is rarely achieved. However, with

the fundamental concept ‘dependency is not empowering’, large proportions of village banks in Dry Zone under the Pact project area have succeeded and been replicated without external support. From a programmatic lens, this study suggests that an asset-based approach can lead to women’s empowerment especially in economic, social, and psychological spheres. Transforming those changes to political sphere is still unclear. In a broad sense, the study reflects the need to move away from a top-down approach to bottom-up to achieve sustainable change.

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MICROCREDIT AND WOMEN'S EMPOWERMENT

in the Dry Zone, Myanmar

In an era of global financial insecurities led in part by regional instability, worldwide health crises, and environmental degradation, Zon Phyu Linn highlights the importance of well-designed microcredit schemes for women's empowerment. Zon Phyu Linn researches the implications that building financial literacy, developing business management skills, and creating spaces for women-led savings groups have on women's roles within their communities. This research offers an important perspective on women's empowerment in Sagaing Region, Myanmar and contributes to the growing body of academic evidence in support of women-led microfinance mechanisms.



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