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Banking on Women's Labour: Responsibility, risk and control in village banking in Bolivia.

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Abstract
The village banking approach to microfinance aims to empower women by giving them responsibility for and control over certain aspects of the intervention. This paper looks at CreCER's intervention in Luribay, Bolivia and explores how women members negotiate the responsibilities and risks involved, interrogating the claim that participation is empowering. Women in Luribay, as elsewhere, already bear substantial responsibility for work in production, the household and the community. It is argued that the terms of their participation in the village bank may compound the gendered burden of labour as they do not have sufficient control over the loan terms.

Key words: Microfinance, Village Banking, Women, Bolivia, Gender and Development

Introduction
Microfinance, the provision of financial services to support micro-enterprise has been associated with women's empowerment since its inception. There are many reasons for Microfinance Institutions (MFIs) to target women. Institutions adopting the 'financial systems approach' aim to increase the breadth of outreach of sustainable institutions and target women for their high repayment rate. Institutions favouring the 'poverty lending approach' target women because they are the best 'poverty fighters'[1]as they invest profits from their business in their children, improving poverty indicators (Mayoux 2006). In the current climate there is pressure on all MFIs to achieve financial sustainability, and it has been argued that as a consequence the potential for microfinance institutions to empower women is attenuated (Mahmud 2003; Mayoux 2002; 2006).

The Village Banking Approach to Microfinance retains a social focus and aims to empower women by giving them control of certain aspects of the intervention (Conger 2005). Savings facilities and training programmes are also offered. The group jointly guarantees the initial capital, takes responsibility for repayments and keeping accounts, and holds the money locally between repayments to the bank. This allows capital to build up in the group itself and group members can take loans from this capital at an interest set by the group members. Profits from these 'internal loans' accrue to the group and help to capitalise group members. This approach has been claimed to empower women by putting the management of the Village Bank in their hands (Conger 2005; Westley 2004). Taking on the responsibility and the risks involved is associated with autonomy, authority and empowerment.

[1] Direct quote from Grameen Foundation website (http://www.grameenfoundation.org/) (accessed October 2009).

> ‘these [village banking] programs engage [women] in vital activities that improve their confidence, self-esteem, and control of their environment. They undergo a profound psychological transformation that many writers today call ‘empowerment’— a transformation of attitude from ‘I can’t’ to ‘I can.’’(Freedom From Hunger , cited in Westley 2004: 5)

Village banks are under pressure to achieve financial sustainability, and as well as potentially empowering women, giving women responsibility for the administration of the bank can reduce costs, creating a ‘win-win’. However, it is my concern here that the claim that responsibility for running the bank is in itself empowering is at odds with findings that the ‘feminisation of responsibility and obligation (Chant 2006; 2007) is indicative of women’s continued marginalisation from the development process.

In defining the ‘feminisation of responsibility and obligation’ Chant (2006: 212) emphasises that women ‘seem to have progressively less choice other than to assume the burden of dealing with poverty, and that their growing responsibilities have not been matched by a notable increase in agency.’ The ‘triple burden of labour’ (Moser 1993) and consequent lack of time (Afshar and Dennis 1992; Elson 1992) that have been argued to characterise women’s poverty indicate that women have ‘responsibility without authority’ (Black 1997). Furthermore, migration patterns and changes in the household have been argued to constitute a ‘feminisation of survival’ (Sassen 2000).

It has been suggested that participatory initiatives relying on women’s voluntary and unpaid labour add to their burden and place extra demands on their time (Chant 2007; Mayoux, 2006; Molyneux, 2006). The additional unpaid responsibility compounds women’s exclusion from the opportunities offered by the developing market (Lind 2002). This is symptomatic of the naturalisation of women’s labour (Pearson et al. 1981). The vital contribution made to development by women in the household, community and voluntary spheres is naturalised, and, although it is increasingly relied upon, is not seen to lead to empowerment in the same way as taking on the risks associated with entrepreneurial development. Participatory interventions need to give women the control to tailor the intervention to accommodate their pressing responsibilities in the household and community. It may be that in giving women a certain amount of control, the Village Bank allows women to negotiate better terms for their participation in development.

In the context of concerns about the ‘feminisation of responsibility and obligation’, this paper explores how women in Credit with Rural Education’s (CreCER’s) Village Banking programme in Bolivia negotiate the responsibility and control they have for the intervention. It is based on seven months living and working with members of the village banking project in Luribay Bolivia, 28 in depth interviews, two focus groups and participation in 40 group meetings. Whilst the control that women have over internal loan accounts could allow them to better tailor the intervention to their needs, it is found that other elements of the intervention, in part encouraged by the predominant aim of financial sustainability, restrict their ability to do this. This challenges the assumption that taking responsibility for the village bank will be in itself empowering and supports calls for greater flexibility in microfinance programmes.

The Case Study

The research takes place in the municipality of Luribay, a rural fruit-producing valley approximately 7 hours drive from La Paz. Aymara, one of Bolivia's official, indigenous languages, and Spanish are spoken. In the centre of the valley is Luribay Town, the capital of the municipality, where the municipal government has its offices, as well as the NGOs which work in the valley. The Town is surrounded by about 70 hamlets lying along the river. The road to La Paz goes from the Town, and there is a market fair there every Tuesday, where people come from La Paz to sell items otherwise only available in the cities, for example clothes, kitchen equipment and school books. There is more commerce in the Town than the hamlets mainly due to there being more circulation from outside.

The gender ideology of the Andes is encapsulated by the term *chachawarmi* (literally man-woman): the complementarily and equality of masculine and feminine which form the household (Harris 1978). As Aymaran feminist have pointed out, this ideology disguises a gendered inequality in burden of labour, responsibility and free time (Choque Quispe 1988). Work on the land does on certain days in the agricultural calendar, reflect the *chachawarmi* gender ideology: men dig the fields and women sow the seeds – but the day to day labour of watering and tending to crops is women's responsibility. In addition to being responsible for household labour and community labour, including housework, cooking, shopping, cleaning, childcare and 'networking', women are in charge of organising work on the land for both subsistence and production. Some men take professional work as mechanics, photographers, drivers or public servants in the mayor's office in the Town. Men dominate regional migration to Argentina and Brazil (PDM 2005) and many of the women interviewed for this study are staying in Luribay to tend the family's land while their husbands are away.

Whilst work on the land tends to be in the man's name, commercial activities are known by the woman's name. These commercial activities vary from hostels and restaurants in the Town catering to NGO and municipal workers from the cities who work in Luribay from Monday to Thursday, to smaller shops in the hamlets that just have the basics – soda drinks and dried goods. This work is generally viewed as supplemental to the main family income from the land. In La Paz Aymaran women have a reputation for being savvy market women, and, *Luribayeña* women are very proud of this reputation. They take responsibility for selling produce in La Paz because they drive a harder bargain than their men-folk, and take on the arduous journey to La Paz at least once a week in order to sell their produce.

Both commerce and land-production require credit, either to buy in bulk in the city and sell retail in Luribay, or to invest in seeds, fertiliser and labourers until the crops are harvested. There are informal sources of credit in Luribay. Loans are typically sought from family members and the local authority (the Agrarian union or Neighbours' Assembly) can notarise these loans and enforce repayment. *Anticresis* is a traditional Andean form of lending, defined as 'property given in usufruct against a loan' (Lagos 1994: 90). This is interest-free, but if the person who owns the land cannot pay back the loan, they forfeit their land. Credit with Rural Education (CreCER) is the only MFI operating in Luribay, and adopts the village banking approach. The main advantage identified by women in Luribay in CreCER's intervention is that they no longer 'have to beg for loans'. Although loans between family members do not necessarily incur interest rates and do not have a strict repayment schedule, they can involve exploitative intra-familial relationships. Although a*nticresis* is favoured as a source of loans by those who have land to offer as the amount can be repaid after the harvest, the collateral required is seen as exploitative.

In many ways, targeting women in Luribay with a village banking approach to microfinance is appropriate to the gendered division of labour and responsibilities. Women are in charge of productive and commercial activities and provision of credit can support them in this, relieving them of the need to ask to borrow from better off contacts. A local bank run by women for women could address exploitative relations and support women in taking market opportunities. However, one of the clearest gendered inequalities in Luribay is the gendered burden of labour and women's lack of time, which may be exacerbated by CreCER's participatory approach.

The Village Bank in Luribay: CreCER

Started in 1990 by its parent company Freedom From Hunger, CreCER almost exclusively targets women and in 2006 serviced 90,000 female beneficiaries across eight of the nine regions in Bolivia (Brott et al 2006). In 2004 it won the IADB prize for Excellence in Microfinance, and its techniques to target the most excluded whilst maintaining a trajectory towards financial sustainability are replicated throughout the world. It is one of the few among Bolivian MFIs to adopt this 'double bottom line' approach of social and financial impact, which it maintains despite pressure to streamline its operations(e.g. Quiros Rodriguez et al. 2003). Training sessions are delivered at each group meeting on areas including health and women's rights. It has been argued that the loyalty encouraged by taking a social approach to microfinance is in the interests of long term sustainability (Marconi and Mosley 2006; Velasco and Marconi 2004).

There are various elements to CreCER's intervention: loans, savings, internal loans, group meetings and training sessions. Groups are formed of at least ten women, who can jointly take out loans of between 500bs (*bolivianos*) (US$62.5) and 8000bs (US$1000)[7] at an interest rate of 24% pa at the time of this research. The group is jointly liable for the whole amount and, in addition, when taking out individual loans members nominate two guarantors from within the group who are responsible for following up should they be late with repayments. Groups are self-selecting and promoters encourage potential members to only allow responsible women to participate. A promoter from CreCER attends the bi-weekly repayment meetings and supervises the repayments and accounting. Repayments are made every two weeks over the six-month cycle and include the proportionate amount of the initial capital, the interest and obligatory savings (10% of the original loan amount). The group keeps the money from these repayments and only repays CreCER every two months. The amount that accumulates in between repayments can be borrowed by individual members as 'internal loans' which are charged at an interest rate set by group members and have to be repaid before the next collection by the bank.

The group can determine some aspects of the loan, but there are nevertheless centralised policies predicated on the long-term aim of financial self-sustainability. The table below (Table 1) summarises which aspects of the loan are determined by the group and which by CreCER. The key loan terms- the interest rate and two-weekly repayment schedule- are set centrally.

There are numerous techniques via which village banks hand responsibility for administration to group members. A board of directors is appointed including a 'secretary' who keeps accounts and a 'treasurer', who keeps the money between repayments. Taking on responsibility for these roles involves training and practice in accounting, form filling and encourages communication within the group about the credit and training sessions. Ideally, group members take on different roles throughout their time with the bank and so acquire different skills.

Group members are given full control of 'internal loans' which are taken out from the capital that accumulates in between repayments to the bank. Internal loans can cushion shocks and assist women who have trouble repaying the main loan every two weeks, in principle introducing flexibility into the repayment schedule. The interest rates are charged in addition to the main capital at a rate set by the group, and profits from the internal loans accrue to the group. The group as a whole also decides the amount to be charged in fines for infractions defined by CreCER, including late arrival, non-repayment, non-attendance and causing conflict. They can also decide the joining fee to charge new members .

CreCER had been in Luribay for 6 years at the time of my research in 2006. Throughout the valley there are twenty-eight groups. Whilst members are self selecting, the promoter in the area is under pressure to get the number of groups up to thirty. Groups had been initially formed by the promoter approaching people who owned business and encouraging them to form a group of at least ten 'responsible women' to access the credit. In what follows I examine how women in Luribay negotiate the control they are afforded in the group and the responsibilities which they take on for the administration of the bank.

Responsibilities in the Village Bank

The Joint-Liability Guarantee

The joint-liability guarantee is the way in which village banks extend financial services to people who have otherwise no collateral. All of the groups interviewed had experienced problems with defaulters. Nominated guarantors within the group are ultimately responsible for the defaulter. The most common strategy in this situation is to use the individual's savings, the group's savings and any profits which had accumulated to the group from the interest charged on internal loans and the fines to repay. Doña Juana explains that when someone defaulted from their group, the whole group decided to pay back that debt from the defaulter's savings and the group's profits.

> *'There was one Señora from Rancho who didn't pay back. The guarantors went to look for her. She left completely and didn't come back. She didn't have any land here, you see. But then the entire group was responsible. How much was missing! – we lost the profits and some of the savings. It really adds up, and it's difficult to tell who is responsible sometimes'* (Doña Juana, 52, Hamlet, Interview)

Although the group's savings mitigate the obligation of guarantors and the group, group members are shouldering the risks and responsibility for choosing which people should be allowed in the group and ensuring repayments.

The Board

When asked specifically about involvement in the running of the bank, the most positive comments are about the training involved. The experience of participating in the credit group is in itself training in how to handle money and keep accounts. Women who had experience as the group's secretary are satisfied that they had acquired skills by taking on that role. For instance, Señorita Betty is 18 years old and went to school in La Paz. She is in her first cycle at CreCER and was named secretary because of her education.

> *'I'm the secretary, and it's working out OK. I didn't know anything about forms and that, and now I know a little. So that's good isn't it?'* (Señorita Betty, 18, Hamlet, Interview)

The role of treasurer is deemed the most responsible, and reservations are expressed about the risks involved in handling money – risks that would not be compensated by the institution. The treasurer is responsible for keeping money in between repayments to the bank . A substantial amount could accumulate in this time - for the groups in the hamlets of Luribay up to 2400Bs/$300US. The treasurer incurs the risks for theft and loss. It is common to find false notes in Bolivia, which the treasurer is responsible for identifying and replacing. When asked about the different roles on the board Dona Veronica, who is secretary in one of the groups in the hamlets responded:

> *'It's dangerous to be the treasurer. No one wants to do that. It's only Doña Rachel [Veronica's mother–in-law] who's prepared to do it, and she's done it since the beginning, because no one else will keep the money. And a couple of times she's made a loss because of that. Once 100 Bs. went missing and she had to pay, another time 50 went missing. And then sometimes there are fake notes. Now she says I'm not going to be treasurer, and that's that!'* (Doña Veronica, 32, Hamlet, Interview)

This also indicates a risk to reputation, as Doña Penelope explains.

> *'No I haven't been on the board. I don't like that. It's dangerous. The money can disappear, you can get confused. Even Doña Feliza [a younger woman who was educated in la Paz] can get a little confused sometimes. And they talk about the treasurer and accuse her of things'* (Doña Penelope, 65, the Town, Interview)

Village banks are designed to encourage the development of capital in the groups, and members taking responsibility for this capital is a corner stone of its policy, both in terms of building a local financial institution and the empowerment of women. However, the risks for doing this are being taken on by women who already bear a substantial burden of responsibility for survival, production and maintaining their reputation in the community.

Control in the village bank

Group members are given control over the fund of capital that builds up between repayments to the bank and the 'internal loans' which can be made from this fund. Capital is kept with the village bank during the cycle in order to allow members to take out loans from that fund at an interest rate set by the group. The internal loans are intended to help women to pay the regular quota on the principal loans. In this way, the internal loan system covers shocks and introduces flexibility into the repayment schedule in a way which still promotes capitalisation and the financial discipline CreCER seeks to promote.

The group members set the interest rates for these loans and the promoter encourages them to set the loan higher than that of the main rate from CreCER, in order to generate profits for the group at the end of the cycle. In one group the members decided not to do this, and set the loan at the same rate as that of the principal loan.

> *'Last cycle, we had the internal loans at 4%, because people wanted the profits. But now we've made it 2%, the same as the loan'* (Doña Teresa, 49, Hamlet, Interview)

The promoter warned them that this would mean fewer profits at the end of the cycle but they preferred this to charging themselves extra interest on the loans they needed, particularly in winter.

The main reason for taking out internal loans is to be able to make repayments on the main loan. However, for some members the internal loans are not sufficient to meet these ends, and they have to find other sources of loans to be able to make repayments. Doña Elenor attends a group in one of the hamlets, and lives with her mother and three children. Her husband is working in Buenos Aires. She has to work as a day labourer on other people's land in order to get money to pay back the quota, adding to her already substantial burden of labour.

> *'I just take a little out, some people take loads, but I don't want to make life complicated, so I just take a little bit. How am I going to pay it off when it's gone? I took out 500 Bs, but I need to go and work to pay it back now. I'm going to work on somebody else's land so they pay me. I have to go wherever. I don't have enough to make the next repayment. That's what we have to do when we're finished taking out the money. We have to go and work because the peas aren't going to be harvested for*

a couple of months yet. But they don't pay so much, just 20 Bs. a day' (Doña Elenor, 38, Hamlet, Interview)

Doña Sofia is often has to work as a day labourer to pay back the bank. She is a divorced mother of six children, and rents land. The demanding repayment schedule adds to her difficulties and the internal loans compound her debt:

> *'I took out 500 Bs. in an internal loan, and now I've got to pay that back next week. Where am I going to get that money from - at this time of year there is simply nothing to sell!' The bank helps us, but it treads on us at the same time… That's the problem with the bank. They don't understand us. The promoter, you can tell him, no, I'm going to get the money as soon as I can sell my peas, but he won't listen. So I have to go and borrow money from somebody else, but that just means that then I have to pay that person too. And I do that as soon as I sell my peas and get some money.'* (Doña Sofia, 34, Hamlet, Interview)

As Dona Sofia explains the bank's repayment schedule, predicated on the aim to build up capital in the village bank, does not fit with the needs of the local market. Both of these women identify the rigid repayment schedule as an unfair imposition from the bank. The internal loans do not always make up for the pressures of repayment, and in some cases replicate the same problems: women are forced to take on extra work to cover their repayments or find loans elsewhere. If women were allowed to participate more in key decisions about the loans, such as repayment and interest rates, then CreCER could better support their market activity. The control that they have over the internal loans is not enough to make the intervention suit their economic needs. The repayment schedule and interest rates are currently determined by aims to achieve financial sustainability. In effect, this is extending the biases of the liberal market to Luribay rather than allowing beneficiaries to determine how the loan works and so better reflect the way that the market is embedded locally

Whilst some women take on further additional labour in order to pay back, others take on additional informal loans. For example, Doña Alexandra is in her first cycle as a member of CreCER. Doña Alexandra is not from Luribay and is renting land there from her mother-in-law. From her point of view CreCER is not offering an alternative to other sources of lending, as the repayment schedule does not fit with the rhythm of production in the valley.

> *'To pay back CreCER we borrow from other people. And then once I've sold the peas I can pay them back that money. It's just like before the bank got here, we just lent*

money to each other. But it's really stressful going round trying to get people to lend you money' (Doña Alexandra, 36, Hamlet, Interview)

Dona Alexandra here identifies that there is a need for credit and that informal forms of lending are exploitative and stressful. However, her comments also raise the issue of whether or not CreCER is offering an alternative. A participatory approach to financial services could provide a platform for women's knowledge of their local market to frame the intervention, but the centrally set repayment schedule is in some cases compounding their cycle of debt.

Dona Rita had formerly been in a credit group but had dropped out due to the high interest rates and pressures to repay. She explains that because of the regular repayment schedule, women working in land production are forced back to exploitative moneylenders.

> '*One woman borrowed from a friend to be able to pay back the bank [CreCER], but she borrowed on anticresis because people won't lend to you without guarantees. She took out 1000 Bs. from the bank and ended up losing her land because of it. She lost her land for 1000 Bs.!'* (Doña Rita, 38, Hamlet, Interview)

These examples show the importance of facilitating formal sources of lending. Informal lending within the community can exacerbate hierarchical relationships and can be exploitative. But given the rigidity of the programme, the Village Bank may not be offering an alternative to these forms of lending. CreCER is not a clear alternative to other credit providers and the cycle of debt can force people into other money lending options.

The interest rates are seen by some as a way that the bank is taking advantage of women. Although the terms of the loan are clearly explained by the promoter, there is confusion regarding CreCER's status as an NGO or a bank, and a commonly heard complaint was that it 'looks like aid, but it isn't really' (c.f. Eversole 2003). Doña Glenda joined at her mother-in-law's request, but was thinking of leaving the bank because of the high interest rate payments. She was particularly concerned about her husband's view:

> *'He thinks the interest rate is far too high! When he worked it out he told me: from the 1000 Bs. that we are taking out, we are paying back so much more. That's what he says. We took out 1000 Bs., right? Then from that 1000 we're paying them back more, almost 200 Bs. more. So it really just does not suit us.'* (Doña Glenda, 26, Hamlet, Interview)

Doña Magdalena feels somewhat stigmatised by having to access loans at such high interest rates. Her husband chides her for this and she feels that people are looking down on her for 'just working for the bank'.

> *'The interest rate is really high. Don Pedro - my husband - tells me off: 'why are you just working for that [the credit]. You're just working for the bank, and the interest is really expensive!' Where does it all go? My husband says 'do you call that aid? It's all for the bank.' And then the others say 'these women don't think.' It's really expensive! (*Doña Magdalena, 64, Interview*)*

The interest rates are set centrally because CreCER is operating in an environment that is intolerant of subsidised interest rates, and providing financial services to rural areas is very expensive. However, people know that credit is available more cheaply elsewhere. Although promoters explain from the outset that CreCER does charge interest rates, it is also seen as an NGO targeting women and for that reason some beneficiaries feel taken advantage of. Part of CreCER's remit is to wean people away from development based on aid and donations, and create citizens who are willing to help themselves. However, they are effectively charging women for the development of the bank, without taking into account the extra burden on women which this entails in terms of shouldering the risk and responsibility for the functioning of the bank.

Conclusion

Village banking institutions such as CreCER are working within an industry whose funding priorities demand that institutions aim for financial sustainability. Despite being at the 'social end' of the microfinance spectrum, the centrally set repayment schedule and interest rates do not reflect the needs of their rural female beneficiaries. Group members are given responsibility for taking on the risks associated with running a bank, but do not have the control over essential elements of the loan that could empower them to create an institution which does reflect their needs. The technique used by CreCER to give more control is the internal loan. This depends on the build up of capital within the group, which puts the burden of risk for keeping the money on to women. The internal loan in effect increases the interest rate and places an additional strain on some members. These findings from Luribay suggest that the assumption that the responsibility afforded women members of the village bank is empowering needs to be challenged.

The repayment schedule and interest rates that do not fit the rhythm of rural production construct women as inadequate economic actors, despite the fact that they take on the bulk of responsibility for survival and production. The women who found themselves unable to repay the loans *are* economically responsible, and their ability to negotiate the complexities of both the rural economy of Luribay and the market place in La Paz is being undercut by centrally set interest rates which in effect make them pay for the establishment of the bank which they are expected to run without having full control. Encouraging women's participation is essential to developing institutions and policies which reflect their activities and needs. However women are only being given the opportunity to take on the risks of managing the bank without being given control of the principle elements of the intervention.

This case study has illustrated the need for flexibility in the provision of microfinance, and supports calls to challenge the assumptions of the financial sustainability approach (Shakya and Rankin 2008; Mayoux 2006) and allow greater flexibility in microfinance programmes (Westley 2004). Women's participation in microfinance interventions potentially has the advantage of drawing on their knowledge of the local market to inform the development of inclusive financial institutions. However, if the terms of their participation are restricted by the need to reduce administration costs and promote the build up of capital, then microfinance institutions may be extending gender biases in development and compounding the feminisation of responsibility.

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Table 1 Decision making power in CreCER's village bank

	Group	**CreCER**
Interest rate on capital		√
Interest rate on internal loans	√	
Obligatory savings amount		√
Frequency of meetings		√
Repayment schedule		√
Types of infraction		√
Fine amounts	√	
Board members	√	
Membership	√	
Membership fee	√	

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