‘It’s Not Cold Money, It’s Warm Money’:
Microcredit and Empowerment in the Case of
the New Zealand Women’s Loan Fund

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DECLARATION

I declare that this thesis is the product of my own independent research. It contains no material which has been accepted for any other degree or diploma, or any copy or paraphrase of any other person's material except where due acknowledgement is given.

Susan Marsh

Date: 20/2/2015
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ABSTRACT

Since the early 1990s, microcredit, often inspired by the Grameen Bank of Bangladesh's model, has been utilised as a way of alleviating poverty in the developing world. These microcredit programmes (MCPs) in the developing world have been extensively studied, with considerable focus upon their putative role in 'empowering' poor women, even though the nature of this concept has remained contentious. However, less attention has been paid to the increase in the number of microcredit organisations in the developed world. This thesis focuses upon a small-scale, women-only, no-interest, microcredit fund in New Zealand, the Women's Loan Fund (WLF), in order to examine the extent to which, and the way in which, it 'empowers' its borrowers.

A critical review of the literature on empowerment provides the basis of my approach, which draws heavily on Christens' (2012) discussion of relational empowerment. Christens doesn't directly deal with microcredit but his work suggests that women will only be empowered in a microcredit scheme if there is a relationship between the lenders and the borrowers based upon ideas of community, trust and transformational power. In other words, empowerment is a process in which an emotional relationship - reflected in trust, reciprocity and confidence - accompanies, or precedes, economic empowerment for disadvantaged women. My study examines whether a concern for relational empowerment orients the activities of the WLF and, to the extent that it does, how successful the organisation is in the eyes of Lenders and/or Borrowers.

The thesis involved a detailed study of two WLF branches, one in the North Island and one in the South Island of New Zealand, based on scrutiny of relevant documents, particularly the WLF's Guidance Manual, interviews with Coordinators, Trustees and Borrowers and participant observation of WLF branches' activity. The analysis demonstrates that the WLFs operate, implicitly, with a notion of relational empowerment, which is broadly shared by both Lenders and Borrowers, as well as being consistent with the organisation's aims. It also reveals the importance the organisation places on community and trust.
as a crucial step towards economic empowerment. Finally, the thesis indicates some of the ways in which relational empowerment could be used in future studies of microcredit in the developed world.
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<td>Community Economies Collective</td>
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<td>CGAP</td>
<td>Consultative Group to Assist the Poorest</td>
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<td>FCF</td>
<td>Full Circle Fund</td>
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<td>GFF</td>
<td>Good Faith Fund</td>
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PREFACE

Visiting Wellington in early 2001 I was given a local newspaper cutting by an old friend that sparked my interest. It concerned the Wellington Women’s Loan Fund (WLF) and announced that:

The Wellington Women’s Loan Fund has been helping local women for nine years this April. It has inspired similar centres from the Bay of Islands to Dunedin (Dominion Post, 15-28 March, 2001).

Since the end of the 1990s, I had been interested in how small loans could help women who did not have access to loans from banks or other mainstream lenders. In 1998/99, I had co-ordinated Sustainable Strength, an innovative project set up by The Birmingham Settlement to increase personal and economic development for marginalised women. The rationale behind this type of project in a 1990s UK urban setting was that, if women were enabled to develop communication and enterprise-orientated skills, and thereby gain confidence, they could then go on to set up successful income-generating activities and contribute positively to society, so that they, their families and the wider community would benefit.

This belief was backed by the promotion of a self-employed ‘enterprise culture’, even in ‘Britain’s poorest areas’, by the newly elected Blair Government (Tony Blair, The Observer, 31/5/1998). New Labour’s policies for economic regeneration and development put considerable onus for community regeneration onto Community Development Finance Institutions (CDFIs), which were making small loans backed by funding from the UK Regions and the European Community. The rationale was that these CDFIs’ small loans would enable individual entrepreneurs to succeed, in both mainstream and social enterprise, so that they would then become role models, within a generalised enterprise culture, for their communities.

These loans definitely provided an entry point for fledgling entrepreneurs in deprived areas, but most of those involved in the sector argued that support, mentoring and training, as well as finance, was also required if borrowing was to lead to commercial
success. Leaders of CDFIs were constantly chasing funding for foundational enterprise skills training for their borrowers. The people that I worked with felt that this type of lending within a community setting was also difficult to scale-up in such a way that it could be an effective vehicle for tackling poverty in deprived areas. To put it starkly, there was a concern that this method of generating economic development required a slow burn, rather than a quick fix.

On the same block as The Birmingham Settlement was the Aston Reinvestment Trust (ART), with Sir Adrian Cadbury from the famous chocolate family as its patron and Steve Walker, an ex Bank Manager, as CEO. As one of the first CDFIs to be established in the UK, ART provided loans to those wanting to start small, self-employed businesses, many of whom, being without collateral, were unable to borrow money from banks or other financial institutions. ART’s Investors did not receive dividends, or, as its publicity noted: ‘the real returns in ART are social....with the knowledge that you are helping to create and develop economic activity with a wider social purpose, in the neighbourhoods that badly need it’ (quoted in Hines, 2000:52). This was my first experience of an organisation that provided small amounts of credit for income-generating purposes. I also saw, at first hand, the initiation of women-only microcredit programmes in the UK. Most notably, The Full Circle Project (set up by the Women’s Employment and Enterprise Training Unit (WEETU) in 1987) struck me as a programme that took seriously the social, as well as merely economic, functions of microcredit organisations. It included credit, but also support with business training, childcare and assistance with transportation costs. What interested me particularly about this project was that it was set up, not only to give individual low-income women ‘economic opportunities’, but also to enhance their ‘local communities by increasing local economic activity, adding to local employment, providing positive role models and building new networks of services’ (Pearson and Watson, 1997:52).

Certainly, the Full Circle Project drew my attention to the emergence of a new mode of delivering microcredit, which, in its drive to provide economic support nonetheless did not exclude the importance of social support. Yet, this was already a well-researched organisation, which had received funding from UK’s National
Westminster Bank and significant academic attention (Pearson and Watson, 1997, Pearson, 1998, Pearson, 2001). My own interest was turning toward exploring less high-profile organisations, which were more informal in their structure and more organic in their development (Seibel, 2001). My practical interest in the phenomenon of microcredit was taking a more academic turn, as I sought to better understand the diversity of efforts to empower women, both economically and socially. Perhaps, I thought, less formal and more organic and community embedded microcredit enterprises would enable insight into the complex dynamics by which women become ‘empowered’, in a way that larger organisations, which were more closely tied to pre-existing models, could not.

My curiosity about these matters took me, in March 2001, to the WLF’s Head Office in downtown Wellington, where I was greeted by Gwenyth Wright, then Coordinator, Trustee and one of the three original Fund founders. According to Wright, the philosophy on which the Fund was founded was the following: ‘Membership of the Fund involves a commitment to women helping women and to the wider vision of community’ (A Guidance Manual for Groups setting up a Fund for Women, 1998). Wright has also often been quoted as saying that the Fund will not charge interest on its loans: ‘as long as women, with children in particular, remain the poorest of our society’ (NZ Herald, 2/9/1997). I was very impressed with Wright’s wide knowledge, fearlessness, commitment, charisma and ability to explain her vision for the organisation to me. Her generosity in giving me a copy of the WLF’s programmes for the setting up of women’s lending groups, also gave me a sense of the unique and relatively non-market oriented nature of this particular organisation. It was this entrée to an organisation that aimed to be economically solvent, whilst opening a space beyond the grist of mainstream economic life, which motivated this ethnographic study. The results will, I hope, provide insight into the particularities of this organisation, while also having significance for the more general problem of what the ‘empowerment’ of women through microcredit entails.
The phenomenon of microcredit has received growing attention in recent years, particularly in the developing world, and especially as a putative method of dealing with poverty.\textsuperscript{1} Much of the focus has been on women, who are considered a group of special interest because: 'the poorest, landless, most destitute heads of household are women' (Taylor, 2001:319). There is also a growing awareness among development agencies that ‘women are accessible (being at home during working hours), are more likely to repay on time and are more pliable and patient than men’ (Rutherford, cited in Rogaly, 1996:102); see also UNDP Human Development Reports 1990, 1995, 1997, 1998, 2005). This sense of the credit-worthiness of women has occurred within a broader paradigm shift towards the recognition of the poor as viable recipients of credit. Attention to the ‘institutional viability’ of these novel methods of delivering financial resources to the socially-excluded (Saunders, 2006; Fernando, 2006; Sabharwal, 2000; Yunus, 2007) has gone hand in hand with a propensity to scale-up projects with a view to increasing profitability (Rogaly, 1996:102). Private, corporate and governmental donors from the West now see microcredit as offering a good return for their investment funds.

Relatively little attention has been paid in the existing literature to microcredit’s operation in the developed world. In the UK there has been a tradition of mutual aid (for example, through the cooperative and benevolent societies) providing small loans for the disadvantaged and, recently, innovative microcredit programmes have been set up to help disadvantaged groups such as women. The Women’s Employment, Enterprise and Training Unit (WEETU) in Norfolk is a well-known

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\textsuperscript{1} A few examples serve to make the point about the longevity of microcredit. The Irish Loan Funds which operated from the 1720s until the 1950s were formally established and competed with banks for many years of their existence (Hollis and Sweetman, 2001). Similarly, in South Africa, informal savings schemes or Stokvels set up by African women in the 1930s have developed: ‘into guarantees of access to credit’ (Verhoef in Lemire, Pearson and Campbell (eds.), 2002:98). Internationally, many types of Rotating Savings and Credit Associations (ROSCAs) have existed for a considerable time (Ardener and Burman, 1995; Seibel, 2001).
example that I consider in Chapter 3. More broadly, under the banner of community
development, Community Development Finance Initiatives (CDFIs) have become an
identifiable sector for lending to small-scale entrepreneurs who cannot obtain loans
from banks or other financial institutions.

This thesis explores the efficacy of microcredit through an in-depth case-study of the
New Zealand Women’s Loan Fund (hereafter the WLF), an initiative which has
operated for over 20 years. Given the paucity of research on microcredit in the
developed world, case studies such as this contribute to an understanding of the
increasingly diverse nature of the phenomenon broadly referred to as ‘microcredit’.
While women-only schemes are not unusual, the WLF is less usual in being a no­
interest scheme. The Fund focuses on individual empowerment but also recognises
the crucial links between empowerment and the community. In providing an in-depth
analysis of the WLF, the thesis explores an example of microcredit in the developed
world, whilst contributing in a more general sense to the understanding of how
microcredit might assist in the empowerment of women, if it is linked to a focus
upon community.

This introduction is divided into five sections. First, I introduce the concept of
microcredit. Second, I briefly consider the contentious relationship between
microcredit and empowerment. Third, I identify the research questions which
underpin the case study and the methods which I use. Fourth, I consider the
intellectual contribution of this thesis. Finally, I outline the structure of this thesis.

1.1 Introducing Microcredit

Whilst microcredit has a history dating back to the eighteenth century (see Hollis &
Sweetman, 2001; Fernando, 2006; Verhoef, 2002; Rutherford, 2000), certain
applications of it have grown in importance and been highlighted by researchers and
social commentators over the last three decades. There are many different
definitions of microcredit (see, for example, Jakimow and Kilby, 2006, Weber,
2006), but it broadly involves the provision of small (often miniscule, in developed
world terms) loans to the poor and disadvantaged who lack collateral and cannot
access traditional credit from banks and other financial institutions.
Since the mid-1970s, formal microcredit programmes have steadily increased in number in the developing world and this form of lending has been promoted by influential Western development agencies and commercial donors as a way of addressing poverty. In this context, in 1997, a rolling Microcredit Summit Campaign was initiated in Washington with the aim of extending microcredit to 100 million of the poorest families in the less developed world by 2005 (Daley-Harris, 2004). The Summit was attended by 2,000 officials from 137 countries, including 'five heads of state and four first ladies', one of whom was Hilary Clinton (Woolsey Biggart, 2001:130; on its limitations, see Singh, 2008). Rogaly argues that this reflected 'the enthusiasm bordering on hysteria' (cited by Hulme and Mosley, 2009:65) which has been generated by the adoption of microcredit (by Western agencies) as a so-called panacea for poverty reduction. In Karnani's (2007:1) sceptical words, it has become 'the newest silver bullet for alleviating poverty'.

Given this growth in interest in microcredit as a means of addressing poverty in the developing world, the UN designated 2005 the 'International Year of Microcredit' and the former UN Secretary-General, Kofi Annan, backed the concept of microloans to help poor people start micro-enterprises, arguing that they: 'are the solution, not the problem. It is a way to build on their ideas, energy and vision. It is a way to grow productive enterprises and so allow communities to prosper' (quoted in Boudreaux and Cowan, 2008:27).

It is important to distinguish between 'microfinance' and 'microcredit', which are two separate modes of 'non-traditional lending', often, perhaps usually, elided by mainstream financial institutions. Microfinance (a term used by many practitioners in the field) is a term for mainstream financial products and services specially developed for small and medium-sized business owners who are experienced in the business arena. In contrast, Weber (2004:363) suggests that microcredit should be seen as a distinct and identifiable type of lending vehicle, which is particularly constructed to help those who do not have access to funds from other sources. These borrowers have specific needs which, once met, can empower them to act in the world with confidence and to gain success on their own terms. As such, the discourse of empowerment is at the core of microcredit programmes.
Microcredit programmes are specifically designed for the poor and disadvantaged. Therefore, microcredit operates on a strictly defined set of principles that distinguish it from mainstream banking, finance or credit products. As one of its aims is to help the socially-excluded, in some parts of the world it incorporates complementary elements, alongside the small amounts of credit offered. These often focus on building the capabilities and confidence of the micro-borrower, emphasise the building of trust, support and encouragement for the fledgling borrower, both when she starts off in enterprise and when she encounters problems. Microcredit, thus defined, is an activity which embodies 'an economic sociology approach – seeing economic organisations as rooted in social structure' (Woolsey Biggart, 2001:129). This grounding of the economic in the social is an important facet of my research into the nature of empowerment.

The significance of women as creditors has been given international prominence through the Grameen Bank of Bangladesh model of microcredit, promoted widely by its charismatic founder, Economics Professor Muhammad Yunus. The Nobel Peace Prize was awarded to Yunus and the Grameen Bank in 2006 and this brought the rationale behind its operations and its focus on lending to women, to the fore. This is a practical focus which has remained strong for a number of reasons. First, poverty remains one of the most intractable global social problems, with over a billion people worldwide living on less than $1 per day. Furthermore, studies have shown that poverty is gendered: the 2005 UN Human Development Report estimating over two thirds of the poor are women. Second, the importance of women's economic and social contribution to developing countries is documented by a plethora of official reports from international development agencies, including many from within the UN (UN, 2010). A main theme of these reports is that positive support for women's well-being and effectiveness in the world can, in turn, enhance the lives of their children, families and wider communities. Third, it is also clear from these reports that women experience poverty differently from men, because in most, if not all, societies they face additional barriers which affect their access to education, income generating activities, childcare, skills development and financial literacy and

2 There is considerable evidence that these numbers may be an underestimate, see Chant, 2006.
training. They also suffer the disadvantages of isolation, lack of confidence and fear of debt and failure. As Pearson and Watson (1997:53) argue, women can be marginalised by: ‘single parenthood, marriage and divorce (which) can also result in women becoming detached from educational, employment and other services and networks, often despite a previously successful employment or educational history.’ For these reasons, my research focuses on the links between poverty and gender.

1.2 Microcredit and Empowerment

Much of the literature on microcredit examines the extent to which it contributes to empowerment. As I explore in Chapter 3, empowerment is not an uncontested or easily-defined concept. Mayoux (1998a) identifies three key, contrasting, paradigms relating to women’s empowerment identified in the microcredit context (see also Mayoux, 1999, 2001):

- a financial self-sustainability paradigm;
- a poverty alleviation paradigm; and
- a feminist empowerment paradigm.

The financial self-sustainability paradigm utilises a neo-liberal approach, seeing empowerment mainly in economic terms and views economic empowerment as prior to, and leading on to, social, political and personal empowerment. In contrast, the poverty alleviation paradigm adopts a more critical approach, but one which emphasises agency. It aims to develop women’s self-esteem and increase their personal resources in order to increase their choices. Finally, the feminist empowerment paradigm acknowledges the broader structural constraints, and stresses the social and political, as well as the economic, constraints on women’s agency.

Riger (1993) notes that within most of this literature the concepts of ‘empowerment’ and ‘community’ are often seen as antagonistic. However, Christens (2012) more recently has suggested that these concepts can be complementary if empowerment is understood as ‘relational’. With this in mind, Christens, building on the work of Riger and others, has further developed the concept of ‘relational empowerment’.
Here, empowerment involves individuals gaining strength and self-esteem. In this context, membership and the support of a group or community is seen to act as a positive force. The emphasis is upon helping, or having connections with others, rather than competing with them, overcoming, controlling or dominating them. The argument here is that reciprocal, community-based, relationships can be mutually beneficial and empowering.

Another difficulty research on empowerment faces is that, in most of the literature, there is no attempt to develop indicators of empowerment. Kilby’s work is an exception and is considered at more length in Chapter 3. However, the indicators which he lists, and indeed utilises, in his empirical work, are developed to examine empowerment in the developing world. They also focus on ‘action’, while I, following Christens, would argue that empowerment is also about ‘feelings’. Therefore, one of my research aims is to develop indicators for use in studies in the developed world, given the social, economic and cultural conditions under which microcredit schemes operate in the two ‘worlds’ are very different (Pearson, 1998).

1.3 Research Questions and Methods

My concern in this thesis is to look at the manner and extent to which women can be supported, and effectively empowered, through microcredit programmes (hereafter MCPs) in the developed world. Drawing on the existing literature, I shall consider both the social and economic aspects of microcredit provision.

Accordingly, the main research questions I address are:

1. What are the organisational structure and aims of the WLF? (addressed largely in Chapter 5);

2. What views of empowerment do the Coordinators, Trustees and Donors (generically referred to as Lenders) have and what do they see as the dimensions involved in empowerment? (addressed largely in Chapter 6);

3. What views of Empowerment do WLF borrowers have and what do
they see as the dimensions involved in empowerment? (addressed largely in Chapter 7); and

4. Is the Borrowers’ experience of the WLF empowering? (addressed largely in Chapter 7).

Addressing these specific questions about the WLF will also allow me to make two more general contributions to the literature. First, I can assess and develop the concept of relational empowerment. Second, I will develop non-economic indicators for analysis of the empowerment of women in MCPs.

The operations of the Women’s Loan Fund (WLF) in New Zealand provide a rich case study in this regard. The initiative has been operating for over 20 years throughout the two islands and there are currently 8 extant Branches (for more details see Chapter 4). These have not been studied in depth, though they have been considered in two earlier reports: one on ethical investment (Saunders, 2006); and the other on New Zealand Women and Micro-Finance, prepared for the New Zealand Ministry of Women’s Affairs (2003). The WLF operates with a model of microcredit for women that is not about alleviating poverty on a large scale, but is about empowering individual women and linking them actively with their communities. The Branches are women-only organisations that lend small amounts to women for ‘steps towards employment and financial independence.’ Some loans are more directly related to employment, helping women with small enterprise, those who wish to start a business or women who are undertaking education. However, other loans, particularly in some Branches, are for more social or welfare (and sometimes emergency) purposes - perhaps to repair a car, purchase a state of the art hearing aid or pay for a child’s school trip. Women are never turned away without help or referral.

Given that the WLF’s broad aim is to empower women, one of my aims in this thesis is to examine in depth the conceptualisation of empowerment which underpins the philosophy and practice of the WLF. In other words, the WLF presents researchers with an opportunity to evaluate how the process of empowerment unfolds in practice. It will also allow me to examine and develop the concept of relational empowerment.
In answering my research questions, I adopt four main methods:

- an analysis of the limited literature on the WLF, including unpublished reports and documentation to which the organisation gave me access;
- qualitative interviews, with Borrowers\(^3\), office-holding women (Trustees) involved in running the WLF Branches, ‘Angels’ (Lenders/Investors) and WLF Supporters;
- participant observation of how two well established Branches operated, which involved spending time in their offices, attending meetings and accompanying Branch organisers on visits within their local community and out to Borrowers, as well as attending WLF Annual Conferences; and
- and the use of a Research Workbook which detailed my impressions of all my experiences in the Branches.

1.4 The Contribution of This Thesis

This thesis makes two major contributions to the literature on microcredit. First, it provides a case study of an MCP in the developed world; one of the first such detailed case studies. Second, it examines the utility of the concept of relational empowerment in the analysis of microcredit provision in the developed world.

I consider the literature on microcredit in the developing world, together with the work on the developed world, in the next Chapter, largely because this is the context within which microcredit programmes in the West have developed. In itself, this is an interesting example of policy transfer from the developing world to the developed world; the reverse of the usual direction of transfer (see, for example, Evans, 2009). However, more instructive are the differences between the way microcredit operates in the developed and the less–developed world.

\(^3\) Throughout, I write of WLF Lenders and Borrowers, while generically referring to lenders and borrowers.
One significant contribution of this thesis, then, lies in its detailed analysis of an MCP in the developed world. Poverty, inequality, marginalisation and relative deprivation have not been removed in the developed world and microcredit is also being used there to address social exclusion. There are various types of mostly small-scale MCPs in the US, UK, Europe and New Zealand, which aim to pursue a socially-informed economic strategy, but there is relatively little consideration of their operation.

Many, perhaps most, MCPs in the developed world exist to enable those living in poverty and social exclusion to gain access to credit, but also to enhance their capabilities. As Sen (1999:75) stresses, the idea of capability involves: ‘the combination of a person’s ability and their social context which allows them the freedom to lead the kind of life they value’. Such schemes aim to build social inclusion, with economic sustainability and development seen as complementary to an individual’s development, only one facet of which involves the utilisation of credit. Many other skills are fostered, but the focus is upon developing enterprise-related skills.

It is important to study how these programmes operate and, as emphasised, this is one of the first extended studies of such a programme. One of the most significant contributions that this thesis makes to the literature is to point out that to meet their goals, MCPs need to focus on more than the provision of credit: psychological empowerment is the vital component of effective microcredit programmes. Following Christens (2012, 2013) and Zimmerman (1990), I use the term psychological empowerment rather than individual empowerment, because the argument here is that empowerment occurs within the context of community, it is not an individualised process.

1.5 The Structure of the Thesis

The thesis is divided into 8 chapters. Chapter 2 reviews the limited literature on microcredit in the developed world, although I also briefly outline the main thrust of the literature on microcredit in the developing world. Chapter 3 then considers the concept of empowerment that frames my case study, before Chapter 4 discusses my
methodology and methods. The next four chapters present the results of my research. Chapter 5 focuses upon the philosophy and organisational structure of the WLF. Chapter 6 then examines the roles and views of the Lenders, those involved in running the organisation, before Chapter 7 turns to the views of the Borrowers. Finally, Chapter 8 reviews the findings in the light of the conceptual issues surrounding empowerment raised in Chapter 3.

Conclusion

There has been a limited amount of work on the operation of microcredit programmes in the developed world. Indeed, to my knowledge this is one of the first in-depth, extended studies of such a programme. I use this case-study to examine the extent to which, and the way in which, such a microcredit programme can empower individual women. In doing so, I examine and further develop the concept of relational empowerment. This concept allows me to discuss putative indicators of empowerment which go beyond a narrow financial and employment-based understanding of the concept, and allows me to identify the social, interpersonal and emotional underpinnings of microcredit programmes.
Chapter 2. Microcredit in the Developed World

Most academic studies of microcredit have focused on the developing world, where its use is more common. However, MCPs have increasingly emerged in the developed world and have received less academic attention. This chapter deals mainly with that literature in the developed world, but it is important to begin with a brief overview of the literature on microcredit in the developing world for two reasons. First, many of the models of microcredit in the developed world are drawn from the developing world (on the limitations of this approach see Parson, 1998). Second, ideas and debates about microcredit in the developing world, and particularly the growing critique of microcredit by development scholars, provide the context for debates about microcredit in the developed world. Therefore, this chapter is divided into three sections. The first section provides an overview of debates about microcredit in the developing world. The second section then deals with the literature on microcredit in the developed world, focusing on three distinct approaches to microcredit, which stress its links to economic development, community development or individual development, that shape the operation of the MCPs in the developed world examined in this chapter. Finally, I outline the themes from this literature on the developed world which inform my research questions.

2.1 Microcredit in the Developing World

The academic literature on the use of microcredit in the developing world has become increasingly critical over time. Some authors, most often mainstream development economists, remain generally supportive of the model, but Marxist and feminist authors are much less sanguine. Here, I initially briefly review the more positive literature, before turning to the critiques at more length, as these dominate recent literature.

2.2 Positive Views – In Partial Praise of Microcredit

Much recent academic writing in this area has stressed that there has been a worldwide switch from state-led to market-based tools with which to tackle poverty in the developing world (Taylor, 2002; Fernando, 2006; Isserles, 2003; Fernandez,
2012). One important consequence of this shift is the emergence of the microcredit model which means that the poor are now considered creditworthy by the power-brokering aid agencies of the developed world (see, for example, Yunus, 2003 and 2006; Rankin, 2001 and 2002; Weber, 2004 and 2006; Pearson, 1998).

The majority of studies of MCPs relate to Bangladesh because pro-poor financial mechanisms proliferated there from the mid-1970s, led by the three largest NGOs in the field: the Grameen Bank; the Bangladeshi Rural Advancement Committee (BRAC); and the Association for Social Advancement (ASA). However, most of the evaluations of the effectiveness of MCPs have been carried out by the microcredit providers themselves (such as Grameen Bank and SKS/Bangladesh) and have, unsurprisingly, tended to be positive. For example, Yunus (2003, 2006) has made very bold claims for the benefits that microcredit, based upon peer-lending groups can bring to the poor, especially women. Many international donors appear to accept these positive assessments (on this point see Fernando, 2006, Duvendack et al, 2011).

The celebratory view of microcredit contends that there is a ‘trickle-down’ effect, with ‘empowerment’ resulting for women. Indeed, research focusing on the social impact of accessing credit implies that simply participating in an MCP (where the woman is the direct credit recipient for her family) can be empowering (Rahman, 1999; Amin et al, 1998; Kabeer, 1998; Hashemi et al., 1996; Pitt and Khandker, 1995). They argue that this empowerment is enhanced because a woman’s ability to negotiate within the household tends to increase when she is the primary source of income, or where she possesses her own independent source of income (Cheston and Kuhn, 2002). In this context, a woman’s overall worth is enhanced and her general contribution to the maintenance of family life can be positively transformed. As one borrower in Kabeer’s study (1998:43) commented:

Of course my position has improved; before no one took any notice of me, now they do. That is also true of my husband. Before I did not get that much affection from my husband. There would have been no loan without me.
Throughout this chapter, I show that this concept of empowerment is a ubiquitous part of the discourse on MCPs, regardless of the approach adopted by researchers. Through describing the claims made in the literature for empowerment, I show that the concept is contentious, and in the following chapter I will assess empowerment more critically.

Initially, feminist researchers within the UN’s Gender and Development Group (GAD) group in the 1970s and 1980s were strong supporters of microcredit for poor women in developing countries. Thus, Rankin (2001:30) argues that the GAD group, in alliance with ‘the immense political constituency through which microcredit has become an altogether mainstream approach to poverty alleviation’, drew attention to gender relations which were beginning to be seen as crucial in a development context.

In addition, Rankin (2001:30), focusing on the positive side of microcredit, contends that:

> We must concede the politically progressive potential in microcredit to mobilise local resources for social change. It has pioneered for instance, in expanding access to credit by substituting the social collectivity for collateral. And women’s association in borrower groups could forge new kinds of solidarities across social differences, which might in turn generate collective action for social change.

One of the key issues, which is crucial to my research questions, is the way in which lending relates to the broader community and to the provision of other services. There are a number of examples of projects for women which provide credit as only one amongst a range of services. In India, the Self-Employed Women’s Association (SEWA), alongside its credit provision, also offers savings and insurance, as well as specific skills training, mentoring and community organizing and assistance with business projects (Vyas, 2001). SEWA was initiated by women who congregated over: ‘a series of issues following which they initiated the highly successful SEWA
Bank’ (Burra, Rannadive and Murthy, 2005:51). These authors note that in Bangladesh: ‘The Grameen Bank came first and then women were brought together round microcredit’ (Burra, Rannadive and Murthy, 2005:52). Similarly, Mahila Milan (‘women together’ in Hindi) is an Indian association of pavement dwellers who, with the assistance of SPARC (Society for Promotion of Area Resource Centres), offered a full range of services (in addition to microcredit) to facilitate a more rounded version of women’s empowerment. Their activities range from opening bank accounts, to saving money for new homes, to providing member families with essential food and clothing (Patel, 1997:4). In the same vein, BRAC (Bangladesh Rural Advancement Committee) provided credit and health services, as well as education, for the daughters of its borrowers (Sharif, 2001). These organisations concentrated on broader opportunities and practical benefits for women, even though they cost more to organise and maintain (Mayoux, 1998). However, this remains unusual in the developing world, where the overwhelming focus has been on minimalist credit provision, as is the case with the Grameen Bank.

For its supporters then, microcredit is an innovative form of social lending which has had a positive effect on many millions of lives worldwide. Its advent has meant that the poor have been taken more seriously as financial actors. Access to credit can help a family in an emergency, whether it be a geographical disaster (such as perennial flooding, see Yunus, 2003), a health problem for a family member or a suit and a train-fare to attend a job interview (Roberts, 2003). Income generation (or building livelihood) is a direct part of family life and, in many countries, is carried on within the home as a form of cottage industry. Microcredit loans will not always be used for this purpose, but they can mean that a family can survive and improve their circumstances (Boudreaux and Cowen, 2008, Weber, 2006).

2.2.1 Critiques of Microcredit

Both mainstream economists and feminist authors have been critical of microcredit. The mainstream economists have argued that microcredit projects are largely unviable in conventional economic terms and this fact makes them a drag on the states that support them. Here, Bateman’s (2010) argument is that microcredit projects are kept going by what are seen to be subsidies, and funds would be better
spent on SMEs (Small and Medium Enterprises).

In contrast, feminists and Marxists working in the development field see microcredit as the latest version of development imported from, and imposed by, the West and associated with the consolidation of neo-liberal economic regimes and their market-orientated policies and methods (Peterson, 2005; Fernando, 2006; Rankin, 2001; Weber, 2001 and 2004; Cornwall, 2014). Indeed, Pat Conaty (personal communication, 2009) talks about ‘The Trojan Horse theory’ of microcredit (importing neo-liberal, capitalist policies by stealth), while Gina Neff (1997:4), writing just before the first Microcredit Summit in Washington, called attention to how closely the concept of microcredit fits with ‘prevailing US prejudices, since it relies on local rather than national programs and individual rather than collective approaches’. For this reason, Weber (2004:378) argues that ‘targeting poverty and achieving poverty reduction (which must mean also a reduction in vulnerabilities) are not synonymous’ (her italics). She argues that the poverty reduction agenda is better seen as a governance or disciplinary agenda, motivated by what Alvate (2002, cited in Weber, 2004) has called the ‘growth obsession’, underpinned by neo-liberal ideas, which Harvey (2003) terms the ‘New Imperialism’. These critics also emphasise that, in this context, other methods for helping the disadvantaged, such as state provision of services and targeted direct foreign aid, are being reduced or phased out (Fernando et al, 2002; Pearson, 1998; Neff, 1996). Indeed, Weber challenges these critics arguing that many have: ‘failed to recognise the depth of the social and political implications of the poverty reduction turn’ (Weber, 2010:107).

A number of researchers (Rogaly, 1997; Hulme, 2000) have emphasized the problems of scaling-up small schemes which may work; yet the emphasis is often on scaling-up to ‘alleviate poverty.’ Scale is a crucial factor because there has been an emphasis on MCPs being self-sustaining; a feature shared with MCPs in the developed world, as we shall see below. However, scaling-up is only important for profit making schemes and Rogaly (1997) and Hulme (2000) have responded that, if schemes are to benefit borrowers, they must remain small and local. Cornwall (2014:1) described this process as providing ‘pathways to empowerment’, in contrast
to many practitioners in international development who treat empowerment: 'as a
destination that can be reached through developments equivalent of the motorways:
fast-track programmes that can be rolled out over any terrain.'

In the developing world, microcredit is based on a poverty-reduction agenda and
there are usually few complementary services built into projects. Weber (2010:6)
calls this 'microcredit minimalism'. The provision of credit alone is meant to suffice.
The aims are to give access to finance, to encourage women to deal effectively with
having access to credit and to experience how to manage money over the term of a
loan. From this perspective, they are enabled to do this through financial stability.

Feminist critics of microcredit focus on the broader effect of MCPs on women. They
see microcredit as obliging poor women to become micro-entrepreneurs, with all the
anxiety, vulnerability and risk that such a role involves (Weber, 2006; Singh, 2008;
Rankin, 2001; Fernando, 2006; Rogaly, Fisher and Mayo, 1999). Self-employment is
always a pressured state as the individual shoulders the total risk for her activities. In
addition, marginalised women often take on microcredit loans to repay other loans
which they, and/or their families, have received from local moneylenders, other
NGOs or rural banks (Fernando, 2006).

Given my focus on microcredit and empowerment, it is worth emphasising that these
critiques, and the empirical work associated with them, indicate that most MCPs in
the developing world do not necessarily correspond with an empowerment agenda
discussed in the next Chapter. The implication is that destitute women are being
given a message of self-employed liberation by MCPs, when, in reality, it ties them
into the drudgery of their usual domestic roles, with the added responsibility of loan
repayment, attendance at regular meetings and active membership of a committed
peer group (peer lending), with allegiance to a lending project which can potentially
coerce them and negatively affect relations with their families (Rogaly, 1996;
Rahman, 1999; MacIsaac, 1997). If MCPs are required to deliver financial
sustainability, which is usually the case, evidence shows that this tends to restrict
opportunities for planned interventions to increase women’s empowerment more
broadly (Goetz and Sen Gupta, 1996; Fernando 2006; Mayoux, 1998 and 1999),
because these interventions bring increased costs and, thus, a reduction of financial

The drive for increased credit disbursement and recovery is insensitive to social development needs and may be particularly insensitive to the special problems women face in developing the capacity to use their loans. (...) Donors bear responsibility too as they are set on seeing financially self-sustaining institutions and are preoccupied with cost recovery to an extent that loan repayment rates have become the primary index of success. Women’s inclusion has served to increase numbers and there is less concern with the quality and meaning of women’s participation.

MCPs in the developing world focus on lending small amounts of money, but critics have suggested that this is not the only type of help the poor need. For example, Hulme and Mosley (1997:788) have praised ‘several of the more thoughtful recent contributions to the microcredit literature’, including Montgomery (1996) and Rutherford (1996), who suggest that in fact the poor may need a different and specific form of lending, covering such aspects as, safe places to keep savings, simple insurance schemes (against disasters such as flood and drought) and small loans against everyday consumption needs with payback flexibility built in. Hulme and Mosley (1997:790, footnote 8) argue that:

those institutions that offer consumption loans to the very poor (examples from Sri Lanka, Indonesia and Kenya) – have repayment rates on those consumption loans, not inferior to (in fact slightly higher than) repayment rates on the loan portfolio as a whole (see also Mosley, 1996).

Overall then, the development literature has been increasingly critical of the consequences of microcredit. In general terms, Bateman’s assessment is typical of
the current literature. He describes microcredit as 'a self-help answer to poverty, unemployment and under-development', which does not work (Bateman, 2010:1). For my purpose, the most important themes in this literature involve: the problems of scaling-up programmes, thus seeing microcredit as a major way of reducing poverty; and the extent to which, and the way in which, financial help needs to be integrated with other forms of help.

2.3 Microcredit Models in the Developed World

While there has been less attention paid to MCPs in the developed world, it is possible to identify two types of such studies: overviews of MCPs in particular developed world countries, normally in the form of reports (on Europe, see European Microcredit Network, 2004, 2011; on Australia, Burkett and Sheehan, 2009; on New Zealand, Massey and Lewis, 2003); and articles, book chapters or reports which focus upon individual MCPs, such as Full Circle (the lending arm of WEETU) in UK (Pearson, 1997, 2001; Pearson and Watson, 1998), Good Shepherd in Australia (Burkett and Sheehan, 2009) and the Arkansas Good Faith Fund (Taub, 1996, 2010), and other MCPs adopting the Grameen Bank model, in the US, particularly Bredberg and Ek's (2011) study of Grameen's US Branches.

These MCPs tend to stress different roles which microcredit can play in the developed world, in relation to economic, community and individual development, although in some schemes there is a mix of the latter two (see also Mayoux, 2000). Here, I look at each in turn, with my main focus upon the MCPs that are informed by an emphasis upon one or other of these forms of development.

2.4 Microcredit and Economic Development

The approach to microcredit that dominates in the US focuses on economic development. There were over 300 MCPs in the US in 2006 (Burkett and Sheehan, 2009) and economic development informs the operation of credit unions, loan funds and banks, as well as MCPs, all of which are required to focus on becoming self-sustaining and profitable. The assumption behind this model is that if a microenterprise is successful, it will also ensure social and personal development,
because it reduces welfare benefits and unemployment (Peterson, 1999). Peterson (2005) also makes the powerful argument that ‘men and women are differently affected by and differently affect political economy’. Consequently, in the US, microcredit has been treated as part of a drive to establish individual economic well-being, which would, in turn, ensure the establishment of healthy economic communities. As early as the 1970s, the Community Reinvestment Act (1971) encouraged US banks to support local community-based microcredit projects.

Three microcredit initiatives can be used to exemplify this economic development model: first, the Good Faith Fund (GFF), based initially on the Grameen model, founded in 1988 in Arkansas; second, the recent Grameen Bank initiative in New York, and beyond; and, third, the Working Capital initiative, founded by Geoffrey Ashe on the US East Coast in 1990.

2.4.1 The Good Faith Fund

The GFF was one of the first Grameen Bank adaptations in the developed world. Taub’s (1997) study of the GFF argues that, despite its origin in the Grameen model, it goes beyond a focus on economic self-employment. Taub (1997:3) identifies the GFF’s main principles as: ‘mutual support’ (in the form of group lending); ‘eventual financial independence’ for borrowers; ‘personal growth and responsibility (or ‘becoming more middle class’); and ‘skill growth’. Further, he contends that it is the principles of the Grameen model that appeal and inspire in America: the poor are shown to be creditworthy and trustworthy; and it involves helping people to help themselves. However, he argues that, while the principles of Grameen are ‘easily replicated’, many of its practices are inappropriate in the US. He emphasises that: ‘other practices, ones more in keeping with the social, economic, political and geographic context of the US, actually do a better job of replicating the principles in question’ (Taub, 1997:3). For this reason, the Fund has grown away from the Grameen Bank model and, like other microcredit funds in the developed world, has used:

trial and error, experiment and innovation, as its participants try to figure out how to transplant the
Grameen Bank approach to the southern US. At this stage in the process there is little of the Grameen Bank’s practices left (Taub, 1997:3).

Taub pointed out other anomalous issues which GFF had to face that made it different from the Grameen Bank. First, GFF employees were urban whites, dealing with a poor black population, and therefore did not have local knowledge or empathy with local rural participants. They were not from the community. Second, unlike Grameen, business plans were required, causing much misunderstanding among borrowers. Average loans were just under $1,600 at the outset, but by 1989 the average was $3,176, and defaults grew. Third, most loans were to establish services, cleaning, catering or childcare. Taub (1997:13) argued: ‘They do not generate new money or provide additional employment opportunities; it is a little bit like people taking in each other’s washing’. Fourth, there were also difficulties with creating and maintaining groups for peer-lending; people did not know each other and group pressure did not work, as in Bangladesh, to ensure individual repayment. Group membership only conferred: ‘moral support and a kind of common-sense technical assistance’ (Taub, 1997:11). Fifth, borrowers and potential customers were also difficult to find as compared to Bangladesh, as population densities in Arkansas are very low. Overall, these issues illustrate some of the problems that can emerge when establishing MCPs, in the developed world.

Subsequently, GFF adapted in the light of this experience. The size of loans decreased and borrowers were encouraged to create a record of successful repayment before ‘positioning themselves for a larger one’. In 1993/4 defaults reduced to 11% from 48% in 1989 (Taub, 1997:8). They also added a loan program to larger companies (of between $25,000 and $150,000) that were also inadequately served by the conventional banking industry (Taub, 1997:14). This succeeded in ‘normalizing’ the GFF in the eyes of the business community, ‘which had tended to see it as either a charming little byway in the world of serious business or as something a little strange’ (Taub, 1997:15). In addition, a programme was developed providing training for specific industries and placing local graduates in health-care jobs; a departure for a small microcredit organisation.
According to Taub (1997:17), taking a loan and going into debt presents an anxious choice for most people. A microcredit loan can help start an enterprise which provides a second and more risky income, when a family has a secure income already in place. On the basis of the GFF, Taub (1997:19) suggests that the level of expectations of microcredit based on the Grameen model was too high, given that they are not 'economy transforming approaches and their volumes are likely to be small.' Finally, he argues, as does Pearson, 1998), that there is the danger of trying to find blueprint solutions for low income people.

What emerges from Taub's study is the importance of a local organisation being run by empathetic local people. It suggests that any loan amount should enable participants to repay within a reasonable time scale, and the organisation needs to have the vision to change the structure of its operations when this model is not responsive to the needs of borrowers. With small funds, the accent is on educating and supporting borrowers to better their lives, and to expect them to bring about economic development is unrealistic. The experience of the GFF suggests that, for small MCPs, there must be more to empowerment than economic sustainability, at both the organisational and borrower level.

2.4.2 Grameen in New York

While the GFF can be considered a Grameen ‘adaptation’, Grameen America can be considered more of a Grameen ‘replication’. In 2011, the Government of Bangladesh forced Muhammad Yunus to resign as Managing Director of the Grameen Bank in Bangladesh and, consequently, he transferred his energies to founding and heading Grameen America and Grameen Scotland (Grameen Scotland
Grameen America has been operating since 2008 and in 2014 it had 8 Branches throughout the country, five of which were in New York.

Bredberg and Ek (2011) studied Grameen’s New York branches and found that the requirement for group lending was ‘not popular’ and that ‘the high costs of traditional microcredit loans limit their effectiveness as a poverty fighting tool’ (Bredberg and Ek, 2011:2). However, they emphasised that Grameen ‘providers are trying to provide microcredit more affordably’ (Bredberg and Ek, 2011:8). Three of their findings are particularly important for my thesis because of their resonance with my research questions. First, they emphasise a number of challenges to scaling-up projects: ‘capturing the right target market’; ‘attracting investors’; and ‘achieving positive media attention’ (Bredberg and Ek, 2011:8). Second, after interviewing the Federal Reserve Bank (FRB) on the subject of microcredit organisations, they noted the Bank’s lack of acknowledgement of microcredit operations. They urged that the FRB should help develop the industry, as microcredit ‘is a matter of community development’ (Bredberg and Ek, 2011:41). Third, they argue that borrowers are ‘empowered’ by participation in a microcredit programme, particularly because the: ‘social impact is real. Clients feel strengthened by the group’s activities ... [T]he empowerment factor should not be underestimated, as it was one of the most frequently and strongly emphasized benefits, articulated by clients’ (Bredberg and Ek, 2011:41). These three issues of scale, community and empowerment emerged in the GFF and contextualise how problematic they are in the practice of microcredit provision.

Yunus also established Grameen Scotland. Caledonian University in Glasgow (of which he is the new Chancellor) has provided premises and Tesco Bank has invested £500,000 in the microcredit initiative, while also providing a deposit facility for borrowers. Yunus’ reaction when asked how Grameen would transfer to a disadvantaged urban area like Glasgow, UK, was essentially that it is the philosophy behind Grameen that appeals most to the disadvantaged. This echoes Taub’s point discussed above. Yunus argued that the financially excluded in all societies faced many of the same problems: ‘money matters involve rejection for many... and this is the main problem.’ Most importantly, he emphasised ‘people need to feel comfortable’ and gaining a small loan can ‘take the person out of the problem’ (Plan B, TV Interview at World Economic Forum Meeting, Davos, January, 2014). There are now 5 Grameen Branches in Scotland and the plan is for loan officers to go out to the borrowers. Grameen argues that, in this way, poor people in the community who need credit and savings will be reached and trust will begin to build up. There are already over 900 borrowers at 4 Branches (http://www.grameenfoundation.org.uk/ accessed 17/6/14).
2.4.3 Working Capital

The Working Capital project was not based on the Grameen model, but, like Grameen, the schemes employed a peer-lending group methodology. Jeffery Ashe founded the MCP Working Capital on the US East Coast in 1990 and in 2000 documented what had been learned in ‘ten years of lending and learning’ (Ashe, 2000:22). Ashe emphasised that Working Capital soon adapted to its circumstances. Initially, a network of affiliates and a training and franchise programme were established as part of a rapid expansion strategy designed to scale-up the programme. When loan repayments and funding started to flag, a new Executive Director saw the importance of scaling back (see Ashe, 2000). Individual loans (of up to $20,000) were also added successfully, in an attempt to cover more of the organisation’s costs and take it towards a self-financing status. He also acknowledged that he had initially assumed: ‘that a majority of Working Capital businesses would eventually graduate to bank financing, but only about one in fifteen does.’ In fact, supplier credit sources were used more extensively than bank credit and: ‘business owners often join Working Capital for the credit, but they often stay for the networking and support, reflecting the limitations of a ‘credit only’ approach’ (2000:28).

Ashe (2000:29) concluded from this experience that Working Capital could not be profitable, and indeed would have problems covering its costs:

Carrying out a substantial microenterprise program in this country has proved to be an exceedingly difficult undertaking as evidenced by the fact that only 5 programs across the US made more than one hundred loans a year. After years of tinkering with the model Working Capital has accepted that it is unlikely to cover as much as half its operating costs through interest and fees and still serve the population it seeks to reach with the range of services it believes necessary.

Ashe concluded that microenterprise development along Working Capital lines was not the: ‘magic bullet for alleviating poverty, or for moving many from welfare to
work, that it hoped for initially’ (2000:29).

Although Ashe was a business-orientated founder, he also acknowledged the importance of the social benefits associated with the programme. Indeed, he argued that developing ‘social capital’ may be more important than increasing business income. In particular, he emphasised (Ashe, 2000:55) that communities with strong local economies are characterized 'by networks, norms and trust that enable people to cooperate effectively to pursue shared objectives' (original italics). Ashe (2000:55) felt ‘discomforted by the fact that our work is based on enterprise development models we have imposed on the communities we serve.’

As a consequence, he suggested that borrowers from the programme should be asked for their views on ‘how they would propose to make a business out of developing enterprises like theirs?’ (Ashe, 2000:55). However, perhaps the most telling points are two admissions: that ‘(t)here are on reflection, very good reasons why most microenterprise programs remain small and localized’ (Ashe, 2000:1); and that tiny enterprises are not always about money, but can ‘provide personal fulfilment far beyond what they bring in financially’ (Ashe, 2000:26).

What is most pertinent about each of these three studies of MCPs based on self-employment is that they all point to the limitations of this economic development model. They suggest that microcredit works best when it is: a) tailored to local needs; b) based in, and with an understanding of, the local community and the networks which are crucial in that context; and c) small-scale.

2.5 Microcredit and Community Development

The community development approach focuses on the social, as well as the financial, benefits of microcredit. It sees these as linked, and emphasises this relationship between microcredit and ‘community’. In the UK, this approach is embodied in Community Development Finance Institutions (CDFIs), which have also been explored in Australia. In the US the CDFIs (there Community Development Financial Institutions), of which there are more than 1,200, are more like banks. For example, the largest CDFI in the US, the South Shore Bank, which closed in 2010,
was founded in 1973, with over $2 billion in assets. In this section, I focus on the CDFIs in the UK before examining developments in Australia. I then explore the US Women’s Business Centres (WBCs), which are more relevant to my gendered concerns, given that they are women-only MCP operators.

2.5.1 Community Development Finance Institutions in the UK

In the UK, microcredit has been more directly related to community development than in the US, being seen as integral to the Urban Regeneration schemes initiated by New Labour during the late 1990s. CDFIs were established to create a sector that could deliver the Government’s economic development policies at a community level. The Community Development Finance Association, the sector’s trade association, sees CDFIs as:

social enterprises that support communities by providing affordable finance that would otherwise not be available. By making loans, they are able to recycle this finance again and again into neighbourhoods where it is most needed. CDFIs lend money to those unable to get finance from high street banks. They fill the gaps in mainstream lending, addressing market failures and offering an affordable alternative to high interest doorstep lenders (http://www.cdfa.org.uk/about-cdfis/, accessed 5/3/14).

The CDFIs use funds from Europe, or are backed by UK Banks or Regional Development Agencies, and make loans to small, or social, enterprises. These loans are part of a policy for tackling social and financial exclusion. Individuals are thus primed, within a broad financial exclusion mandate, to become entrepreneurial, with the idea that their enterprise-orientated activity will ultimately build-up their communities by introducing opportunities, energy, employment and affluence (http://www.cdfa.org.uk/about-cdfis/, accessed 5/3/14).

There are currently around 60 active CDFIs operating across the UK.
(http://www.cdfa.org.uk/about-cdfis/), which vary significantly in terms of structure, the approach they take to microcredit and the importance of microcredit to their operation, from social enterprise and personal microcredit providers, small scale business lending, banks and credit unions (see, HM Treasury, Report of the UK Micro-Finance Seminar, 11 Downing Street, 28/4/1999). CDFIs are essentially reliant on external funding, but also have an obligation to attempt to become self-sustaining. This means that they tend to focus upon economic concerns, because of the expense of providing financial literacy and other specific skills training, in addition to basic finance, for disadvantaged individuals. This focus has been criticised by some observers (Walker, 2009), who argue that social-skills training is also vital for socially-excluded individuals who are making the move to self-employment.

Many commentators acknowledge the importance of a social role for CDFIs. For instance, one of the key messages of the Downing Street Report on UK Micro-Finance (1999) was that initiatives should be community-based. There was recognition that funding is only part of the problem and that a social element that backs economic achievement is also required. As the Report argues, when starting out: ‘businesses need mentoring, support, advice and training to help them succeed’ (Downing Street Report on UK Micro-Finance, 1999:4).

CDFIs do not find fulfilling this role easy. Indeed, a number of reports from the UK Think Tank, The New Economic Foundation (NEF) (2007, 2008 and 2009) stress that CDFIs play down their social role, because their management feels obliged to project themselves as business-orientated organisations that view their borrowers primarily as entrepreneurs. Yet, the activities of those who are funded by CDFIs cannot be scaled-up sufficiently to have the required impact on the broader community, compromising the CDFI’s indicators of success. Even though the CDFI sector was set up to combat financial exclusion and to make available varied and flexible financial products (and related advice) that disadvantaged people were deemed to need, evidence suggests that the disadvantaged are not equipped to deliver a community development remit (or even a community well-being one). Many therefore are constrained by this entrepreneurial straitjacket (Pearson, 1998; Mayer &
There is evidence that the disadvantaged often need no-interest loans to fulfill a variety of needs, such as debt consolidation, work transitions and household income supplementation (Dale, Feng and Vaithianathan, 2012). Providing small loans to the disadvantaged may eventually enable them to embrace income generation, but it does not guarantee sustained employment. Advice and support is needed along with the loan, and this has seldom been provided by UK CDFIs (Walker, personal interview 3/08/09).

Veronika Thiel, who has widely reported on the state of microcredit in the UK and Europe for the NEF, reiterated these points. She emphasised (personal interview 6/8/09) that microcredit provided for social enterprise generation cannot be scaled-up to revitalise communities single-handedly. Her experience suggested that individuals who take out these small social enterprise loans usually ‘need training and support and to be in a specialised environment’. As such, most micro-enterprises are ‘not sustainable in normal economic terms’ (something Yunus, 2003, also acknowledges). Indeed, Thiel maintains that it is primarily in social, rather than economic, terms that microcredit can be shown to have an impact. For her, these organisations ‘empower their participants and provide role models for communities’ (personal interview 6/8/2009), (see also Copisarow, 2000). What is needed in both their estimations is an ongoing government fund to support microcredit organisations that provide personal lending for steps towards self-employment and sustained income generation.

Currently, CDFIs operating with a community development model, such as the Aston Reinvestment Trust (ART) in Birmingham, UK, provide microcredit solely for social enterprise or small business start-ups. However, as Steve Walker, an ex-Barclays Bank manager and CEO of ART, and a seminal figure in UK Social Enterprise, pointed out (personal interview 3/08/09), some CDFIs: ‘have moved into personal lending recently and have been supported by the government’. His organisation deals exclusively with nascent enterprises, but he argued that business mentoring and tailored support is vital for the relatively disadvantaged, small organisations/enterprises and sole traders to whom he lends. He maintained that new business failure rates would be lower if foundational support was available and well-
funded. ART does not yet lend for purely personal needs, although he also argued that, in his estimation, Kiva would be the way microcredit would be provided in the future. Kiva is an internet service where those wishing to borrow and lend money are put in contact with one another (so that no middleman or banker is required). The lender and borrower set a mutually-agreed interest rate (Kiva website, http://www.kiva.org/, accessed 3/12/2012).

Another example is Fair Finance, whose CEO Faisal Rahman maintains that the organisation is about the development of persons, not about funding (FaHCSIA Seminar, Canberra, 6/9/2012). Fair Finance provides personal, as well as small enterprise, lending and has had minor disagreements with ART, who won their initial funds from Europe purely for social enterprise start-ups and who are obliged to run their operations on a commercial basis. Early in its existence, ART declined to lend amounts under £3,000, as, like the mainstream banks, it found smaller loans not to be cost effective to process (personal communication from Steve Walker, 2007). Accordingly, a NEF Report (2009:44) argues that:

one of the reasons why ART has now moved away from lending below £10,000 is the low impact it would have on the employment figures (as) most of these proposals are for lifestyle or sole-trader businesses and thus would not generate the employment impact that is ART’S remit.

In this context, Theil (interview 6/8/09) maintained that microcredit can be seen: ‘as the complete opposite of our banking system, as the client comes before money (profits)’. As Mary Houghton (2001:118) who is a ‘banker who has tried to help create sustainable development financial institutions’ notes:

Conventional lenders put portfolio needs first and customer needs second (...) avert risk instead of managing it and like big loans because they (the bankers) are transaction-oriented and have a short-term focus more on ‘doing the deal’ than on building a
local economy. *(moreover)* Bigger is better and community development is not considered to be business.

Thiel (personal interview 6/8/09) distinguished between organisations which provide microcredit on a small scale and those with broader aims:

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Scale and resources remain low; sustainability may be an important long-term objective for some, but very few (organisations) will attain it. Microcredit needs support from funders, regional agencies, government and banks — who don’t understand them.
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These changes that many CDFIs face in their mode of operation clearly indicate the difficulties involved in trying to run: ‘a socially inclusive lending business along commercial lines’. It also shows that, as CDFIs, they see their responsibility for community development as best delivered by backing individual entrepreneurs. Overall, the material on the UK CDFIs highlights the difficulty of balancing the social and economic aims of microcredit and the problems with scaling-up microcredit programmes.

### 2.5.2 CDFIs in Australia

These tensions between economic and community development have also arisen in Australia. In 2009, the Department of Families, Housing, Community and Indigenous Affairs (FaHCSIA) commissioned a scoping study from Social Ventures Australia to consider CDFIs as: ‘a new option for addressing financial exclusion in Australia’ (Social Ventures Australia, 2009:4). The study recognised the social impact such a sector could provide in ‘disadvantaged and underinvested communities’ and also acknowledged the need for ‘innovative financial mechanisms that facilitate financial inclusion’ in Australia’ (Social Ventures Australia, 2009:4). This reiterates how sustainability is a constant issue for such projects, and indeed the study noted: ‘an inherent tension in CDFIs between their social and financial goals.’ In summary, the Report argues:

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Achieving positive social outcomes, including job
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creation, enterprise creation, affordable housing developments, as well as increases in income for disadvantaged individuals and communities, requires routine expenditures which commercial financial institutions do not incur (Social Ventures Australia, 2009:4).

One wide-ranging microcredit initiative was set up by a religious organisation, the Good Shepherd Sisters (GS), established 150 years ago in Melbourne. Today, its personal and welfare microcredit services aim to reach the most vulnerable in society and 30 years ago they established a No Interest Loan Scheme (NILS) which is supported by the Federal Government (in a bid to deal with social exclusion), some State Governments and ‘a range of trusts and foundations’ (Burkett & Sheehan, 2009:48). Their mission is described as being:

to boldly challenge those structures and beliefs that diminish human dignity, (working) to ensure the value of every human being, communities that enable us all to thrive and the integrity of the environment that guarantees both. (Good Shepherd Youth & Family Service Newsletter, 7 (1), Autumn, 2011:1).

The Good Shepherd approach derives from: ‘the strand of Catholic social teaching which expresses a preferential option for the poor and places them at the heart of public policy making’ (Submission of GS to the Green Paper on Financial Services and Credit Reform, 2008:3). In tackling social exclusion, they provide welfare loans (often paid to goods suppliers direct from Centrelink) and building personal capability and financial literacy (building on work by Kempson, 2006). In 2007/8, $3.95 million was lent to just over 4,000 borrowers through 280 community organisations in 650 locations across Australia (Burkett & Sheehan, 2009:48). There has always been a particular focus on women (there is a GS Gender Equity Policy, 2012), with women making up 80% of people who use GS microcredit programmes.

Unlike most MCPs in the developed world, GS does not encourage, or particularly
target, participants to take loans for self-employment. It concentrates on welfare loans and building up low-income individuals’ ability to budget and deal with money. There is a belief that: ‘while gender inequality affects us all, its impact is strongest among those who are most disadvantaged’ (italics in original, https://www.goodshepvic.org.au/why_women, accessed 29/6/14). Here, the emphasis is upon the social, as well as the economic, benefits of microcredit. To support this work, the Good Shepherd Youth & Family service has a Social Policy Research Unit, which issues twice yearly newsletters disseminating its research results. Occasional Papers and evaluations by outside academics of the various GS services are produced. A recent report “Just Credit, Good Practice” (Mouy, 2010) included individual case studies about how people fared with no-interest microfinance loans and found that financial knowledge was strengthened, new skills developed and behaviours changed. The Report also argued that there were ‘intangible benefits’, such as ‘enhanced quality of life’ (Mouy, 2010:5).

Much of GS’s research is concerned with building financial capability and the importance of borrowers developing critical capacity in this regard (Kempson, 2006). Good Shepherd also offers relationship-based practice in improving financial capability (see Landvogt, 2006). The main principle of GF’s work is: ‘to stand strongly with people and avoid ‘blaming the victim’ (...) the core activity is seen as sharing information and knowledge and not training’ (Landvogt, 2006:43).

Good Shepherd has also produced a Research Report on payday lending, which finds that these ‘street level providers’ act in an exploitative fashion, even though they reported close relationships with their clients (Banks, Marston, Karger and Russell, 2012). It is certainly important to draw a distinction between microcredit and such payday lending practices. GS has found that the implications of payday lenders’ very high interest rates are not always understood by low-income borrowers. Langmore (2005) argues that the special feature of microcredit is that it has a social remit and provides fair and manageable small loans to low-income people, with the aim of making a difference to poverty and social exclusion. The emphasis here is upon the need to develop financial literacy, as well as providing money, as a crucial aspect of an MCP.
Research has also been done specifically on the impact of no-interest loans on households. Ayres-Weare & Palafox (2005) found that GS NILS loans (and ongoing support) offered practical solutions to essential needs and helped people experiencing real distress and hardship to feel better. It helped reduce stress and raised awareness about the needs of others, leading recipients to be more active in the local community and more self-confident. The Report also found that NILS loans improved money management skills and recipients felt more in control of their lives as well as feeling more positive about the future. Respondents said that they ‘really valued being trusted to repay a NILS loan’ (Ayres-Weare & Palafox, 2005:21). This element of trust between lenders and borrowers suggests that the nature of the social relationship in MCPs is important in meeting organisational aims. Any understanding of the indicators of MCP success needs to examine such social relationships, an issue I return to in my case study.

The perception of fairness is another relational element mentioned in the literature on Good Shepherd. Burkett and Sheehan (2009:52) argue that Good Shepherd’s StepUp programme (backed by the National Australia Bank and the Australian Government) offers: ‘a fair and affordable personal loan in a sage and assisted service model and seeks to establish entry into the mainstream credit system’. However, they contend that, because of its scale and reach, it is impossible for this programme to be financially independent, even though Good Shepherd operates predominantly by using volunteers. They cite Sainsbery (2009) who estimates that the StepUp capital pool, which is at the core of Good Shepherd funding, will last between 10 and 15 years. In this context, Burkett and Sheehan, (2009:21) ask: Who will pay for it to continue beyond the next 15 years? Will National Australia Bank and government continue to support this initiative? More broadly, as the literature on scaling-up such programmes suggests, is it sustainable for ‘long-term breadth and depth of reach to be built on voluntary structures?’ The problem noted earlier in this Chapter is that microcredit organisations may not see ‘sustainability’ in these terms, even though their practices might still be considered to have empowering effects on women.

Overall, the Good Shepherd case is particularly important for my research for a number of reasons. First, while it operates broadly within a community
development/social enterprise model of microcredit, it does aim to individually empower borrowers, particularly its provision of personal welfare loans, which, as we shall see, make it more like the WLF. Second, the GS case emphasises the importance of the link between microcredit and community, which, as we shall see in the next chapter, is a key element of the relational empowerment model. Third, and to reiterate an earlier point, issues of organisational scale lead to tensions between financial viability and social value.

2.5.3 US Women’s Business Centres

While the previous two examples deal with community-based models of MCPs in the UK and Australia, the final example is drawn from the US, where the Special Women’s Business Centres (WBCs) have been funded federally by the Small Business Administration Agency since the late 1990s. They have been credited with successfully boosting the numbers of women entering self-employment countrywide. Like GS, the WBCs draw on elements of the community development and the individual empowerment microcredit models. In particular, these Centres providing business skills training and one-to-one counselling, especially to those who are socially and economically disadvantaged. As Godwyn (2009:51) argues:

Some of these Centres are able to offer their clients microcredit loans and like the Grameen Bank, WBCs strongly encourage solidarity among their clients by using a “relationship” orientation. For instance, each centre provides their clients networking and support group opportunities (…) long-term relationships between clients and staff members are also strongly encouraged; this priority is manifest in staff training, staff accessibility and the policy of numerous follow-up contacts between the Centres and their clients.

In 2005 approximately 105 WBCs were working with relatively disadvantaged women across the US. Over half of the women involved with these organisations had a household income under $50,000, 43% identified as being from minority
groups and 49% did not have a college education (indeed, 6% had less than a high school education). The average annual budget was around $745,000 per year and Centres, on average, had five full-time and two part-time employees, to service approximately 1000 clients annually (Godwyn, Langowitz and Sharpe, 2005).

However, there is considerable criticism of the way in which the WBCs operate (Kim, 2012; Ehlers and Main, 1998). Some critics argue that they are unnecessary. Indeed, one male director of a Small Business Development Corporation argued in 2005: ‘WBCs were started because of blatant discrimination against women (...) you (now) see as many women loan officers as men (...). Over the last ten years things have changed a lot (...) I just think the landscape has changed so that we don’t need WBCs anymore” (reported in Godwyn, 2009:60). Others suggest that they should focus exclusively upon loans for business (Kim, 2012:80) or that the promise of self-employment is overstated and women can get caught in ‘work they are already doing as part of their gender specific-role’ (Ehlers and Main, 1998).

Godwyn (2009:50) focused particularly upon ‘the social mechanisms manifest in the success of WBCs’ and interviewed some WBC clients; a focus upon borrowers which is relatively unusual in the literature. She reported respondents as: ‘consistently referencing solidarity created around gender identification’ (Godwyn, 2009:56). Many of them stressed an emotional connection to their WBC to which they would turn for help in times of crisis (see Godwyn, 2009:56-7).

This emotional element of the relationship between lenders and borrowers and between individual borrowers is an under-researched subject in the MCP literature. Yet, it is another indication that MCPs involve more than the provision of finance. Godwyn’s findings are therefore important for my purposes because she highlighted the perceptions of the microcredit borrowers. In addition, her work indicated the continued importance of gendered inequality and presented a more nuanced and multi-dimensional approach to the social and community aspects of microcredit programmes, including emotional support.
2.6 Microcredit and Individual Development

The third approach focuses upon individual development, particularly of women. Its rationale is based on the observation that many societal barriers still exist for women which can only be addressed by access to ‘personal empowerment measures’, buttressed by general measures to encourage financial inclusion (Verheul and Thurik, 2001; Carter and Rosa, 1998). WEETU, the women-only project in the Norfolk (UK) countryside, and its Full Circle Fund (FCF), is an exemplary case in the literature of this model.

WEETU has been a women-only, not-for-profit, microcredit organisation since 1987, working with economically marginalised women. It is described as a Grameen Bank ‘adaptation’, rather than a ‘replication’ (Pearson, 1998). Pearson (1998:817) found that WEETU is committed: ‘to empowering women through collective action, and has forged mechanisms to achieve this in the unlikely context of supporting individual entrepreneurship’. This focus on personal development, in common with the community model, suggests that empowerment involves much more than lending money.

WEETU supplies support and training, along with microcredit loans through its Full Circle Fund (FCF), which is sponsored by mainstream lenders, including the National Westminster Bank. Its support programme grew out of the realisation that UK women face: ‘multiple gender-specific barriers when launching or developing a business’ (EMNetwork, 2006:15). These barriers include: ‘fear of debt, lack of self-confidence, poverty and fear of coming off welfare benefits, responsibility for managing childcare, lack of affordable and appropriate support and lack of collateral to guarantee business loans’ (EMNetwork, 2006:15). Such indicators point to the emotional linkages between personal circumstance and structural position. As Pearson emphasises (2001), because women suffer structured inequality, they need special help to overcome barriers and enter the world of self-employment and effective entrepreneurship. Empowerment, this suggests, is contextualised by structural location.

Women are offered loans from the FCF to help with travel costs and childcare.
Furthermore, encouragement, information and inspiration is provided by women who have been through the project. WEETU views women as capable agents, rather than people to be managed and moulded by others, as they often are in countries where microcredit has been co-opted by government and state bureaucracy (Pearson. 2001).

The individual development model, in common with the previous models, experiences a tension over organisational scale. Pearson, who is on the Board of WEETU, argues (2002:177): ‘small projects in the UK, such as Full Circle, are not able to sustain their operations from income generated within the project’. Despite the financial vulnerability of such MCPs, they assist women to build resistance to individual vulnerabilities. For example, WEETU helps women to open bank accounts and one of the main aims is to ensure that: ‘the lending process will assist women to move on to ‘conventional’ forms of lending’ (EMNetwork, 2006:15).

WEETU also confronts gender barriers by providing, education, support and finance and working on: ‘developing an environment that is easy to access and maintain hours that respect women’s caring responsibilities, hire staff who are sensitive to gender differences and give grants for travel and childcare expenses’ (EMNetwork, 2006:15). A WEETU training programme also gives a range of support and skills training for self-employment. From this course, and in common with Grameen projects, Full Circle peer lending circles of 4-6 women are created, who meet regularly for mutual support and to swop business advice (EMNetwork, 2006:15). This solidarity is another example of the non-economic significance of such MCPs.

Because they acknowledge that social and economic exclusion is gendered, WEETU has started other relevant initiatives, aimed at tackling different dimensions of that exclusion, including: ‘a woman-focused guidance service on training and employment opportunities’; an ‘Unpaid Work Project which demonstrates that the skills women develop in the home and in unpaid community work are comparable with those required for (the UK) national Vocational Qualifications in 4 occupational areas’; ‘a Cyberwoman project, giving access to taster training in IT’; a ‘Pensions for Women’ event, considering the options and offering advice for post-employment income provision; and a ‘Network for women already running small businesses’
The main aim is to: 're-value women’s experience and skills and give them salience in the labour market' (Pearson, 1998:817). Pearson argues both that this:

'approach is possible because the organisation has grown up within the communities where it operates rather than being imposed by funders or visionaries from outside' (Pearson 1998:817)

and that it does not see its practice as the 'only or even the primary approach to poverty alleviation' (Pearson, 1998:818).

This emphasis upon broader community relations is another indicator used by Pearson to assess the success of MCPs.

WEETU has also undertaken social impact evaluations to see how experience in the project has affected and empowered women participants. These findings add useful, if sparse, evidence on the experience of borrowers. The European Microcredit Network (EMN 2006:15) reported the following results of those evaluations:

- women feeling more in control of their lives rose from 45% to 90%;
- the use of adult education services rose from 55% to 72%;
- the use of professional business services rose from 16% to 42%; and
- the use of professional financial services rose from 14% to 24%.

This individual development model does share similarities with the community development model. Like that model, and in contrast to the economic self-empowerment model, it recognises that MCPs need to go well beyond the provision of loans. Compared with the community development model however, there is much more emphasis on the inequalities and divisions which women experience, and it therefore focuses upon their personal development. Both models raise issues in relation to both the size and scale of MCPs and the tensions between financial and
social aims. As such, they also raise questions over the nature of empowerment.

Conclusion

I have used a classification of three approaches to microcredit as a way of organising my discussion of microcredit in the developed world and, in particular, the extant work on particular MCPs. This classification is not without limitations and some MCPs are rooted in a combination of community and individual development, as I have made clear. However, my concern here has rather been to identify the key issues raised in the studies of individual MCPs which can inform my case study. On the basis of this chapter, I can draw on Burkett and Sheehan (2009) to identify six issues that are important in studying MCPs.

First, it seems that many, probably most, MCPs in the developed world, as in the developing world, have focused on economic development and self-employment. In this vein, Burkett and Sheehan (2009:5) acknowledge the primacy of ‘financial interpretations’ in the microcredit literature.

Second, the literature suggests that the social dimension of microcredit, emphasised in the community development and the individual empowerment models, needs to be viewed as very important. Indeed, Burkett and Sheehan (2009:23) find that, across the developed world, there is a growing awareness that market-based solutions may not be suitable or sufficient to advance financial inclusion and tackle ‘both poverty and broader social exclusion’. The experience of the Good Faith Fund (GFF), Grameen New York and Working Capital discussed in this chapter corroborate this claim. Burkett and Sheehan acknowledge that it is a big step for most disadvantaged individuals to move into self-employment. They also acknowledge that, if they choose to do so, they will need specially-tailored support and improved self-belief in order to cope with both the complex documentation needed to take that step and the challenge of becoming risk-taking entrepreneurs. In this context, Burkett and Sheehan argue (2009:18): ‘There are many debates in the international microfinance sector as to whether (...) the reach of microfinance is becoming more shallow as organisations and institutions strive towards greater financial sustainability.’ As an example of this problem, this Chapter points to how GFF quickly moved beyond an
exclusive focus on an economic, self-employment model. My own research likewise will need to focus on the role of the social dimension of microcredit and the link to individual development, which Pearson (1998 and 2001) and others, as we saw, see as the most crucial indicator of the success of microcredit.

Third, this chapter has suggested that it is difficult for MCPs to achieve the necessary scale to be taken seriously by mainstream financial organisations. As we saw, Ashe (2000:30) emphasised this point in his study of Working Capital, arguing that the organisation: ‘was able to cover only a fraction of its operating costs through income and fees.’ This raises the question of how a small scale organisation can deliberately remain small, and whether that affects their chances of success.

Fourth, financial sustainability was clearly crucial for all the MCPs considered in this Chapter. For Burkett and Sheehan (2009), the question of sustainability revolves mainly around the achievement of positive financial outcomes and, ideally, programmes are expected to operate unsubsidised, to cover all their operating costs and, eventually, to produce a surplus (or profit for their backers). Burkett and Sheehan (2009:v) acknowledge that ‘sustainability includes financial and social objectives’ and argue that a diversity of responses needs to be: ‘maintained in order that the opportunity to effectively address financial exclusion is maximised.’ In addition, they also urge that: ‘given the structural nature of such exclusion, a rigorous debate and discussion is needed at all levels (from service delivery to policy)’ (Burkett and Sheehan, 2009:6). In a sense, this relates to the issue of scaling-up, because that requires a significant and increasing revenue stream. Such money can be provided by banks, as is the case with GS in Australia and now New Zealand (discussed in the Postscript to this thesis), the FCF in the UK, or by individuals or groups, as is the case in most of the US MCPs, but any study of an MCP needs to consider its financial viability.

Fifth, although the MCP-generated businesses are small and their broader economic impact is minimal, they can, and do, enable individuals to develop enterprise-related skills and gain confidence in a small business environment. Evidence from the WBCs and the FCF above support this claim. It is likely that few businesses will support a whole household without other forms of income generation, but they often
lay the groundwork for their proprietors gradually to increase their entrepreneurial involvement. They are also ideal for people who are time-poor and need to work flexible hours, because of family commitments, or who do not have the appropriate training to secure employed jobs (Pearson, 2001). Again, this suggests that a large part of their impact is social, rather than economic, and that social impact is clearly a key factor to be examined when considering their effects.

Sixth, as Burkett and Sheehan (2009:31) argue, there is an ‘urgent need for serious and rigorous debate and discussion among practitioners, policy makers and consumers’ involved with the growth of microcredit in the developed world. They also recognise that: ‘Central to these debates is a forthright exploration of the role of different sectors in scaling-up microfinance’. In this process, they envisage definite roles for: financial institutions; governments; community organisations; researchers; and networks (Burkett and Sheehan, 2009:31). Particularly relevant is the role afforded to community organisations, who, these authors argue, have a wider ‘reach’ than banks, and could take a lead in informing mainstream financial lenders about the precise needs of the socially-excluded. Burkett and Sheehan argue that community organisations have vital expertise in dealing with the financially excluded and piloting ‘innovative responses to financial exclusion’. This is a view which resonates with the community development model of microcredit. In this context, Burkett and Sheehan (2009:31) suggest that community organisations should ‘take responsibility for holding banks to account’ and, ‘to achieve this, community organisations need to maintain an independent advocacy voice and provide government and banking sectors with a consistent argument’. In addressing my research questions I will explore how the organisation that is the focus of my case study relates to other community organisations, as well as to banks.

Burkett and Sheehan suggest that ‘researchers’ are important in ensuring: ‘that successes and failures are shared to improve the sector’s capacity’ and also in comparing the ‘impacts of different models and how these models affect “inclusion” and “exclusion’ (Burkett and Sheehan, 2009:31). They also argue that there is a need, to understand the borrowers’: ‘attitudes towards and capacities around interest and fees’ (Burkett and Sheehan, (2009:31). My case study, which examines the
operation of an MCP, and focuses on the views of the borrowers, as well as that of the organisation, helps address the gap identified by Burkett and Sheehan.

Finally, I have evoked the concept of empowerment at various points without critically evaluating it. The next chapter focuses upon the ways in which the concept of empowerment has been used in the microcredit literature in order to clarify its value for my own empirical research.
Chapter 3. Theoretical and Empirical Approaches to Empowerment in the Microcredit Literature

In the last Chapter, I examined the literature on microcredit in the developed world. I noted how researchers have posited various relationships between microcredit and empowerment. Consequently, in this Chapter I make a more critical assessment of how this concept of empowerment has been deployed in the microcredit literature.

Empowerment is a concept that has been utilised in a great deal of social science research (for example, on its use in community psychology see Christens, 2012; in management studies, see Wilkinson, 1998; in social work, see Lee, 2001 and Adams, 2008; and in health, see Kuokkanen and Leino-Kilpi, 2003). Here, I am concerned with how the concept has been utilised particularly in the field of microcredit studies, although I use the work of Christens (2012) because the concept he develops, relational empowerment, is an important development in the empowerment literature. In particular, I am interested in identifying a concept of empowerment which has potential for understanding the operation of microcredit schemes in the developed world.

After briefly considering different ways in which the concept of empowerment has been used in the microcredit literature, I examine Mayoux's classification of three models of women's empowerment in the developing world. Then, I discuss Christens' (2012) contribution to the concept of 'relational empowerment', before considering the indicators employed by researchers to gauge empowerment.

3.1 Conceptualising Empowerment

The word 'empowerment' is much used when considering issues of personal and economic development, in particular in relation to struggles for equality for women and other disadvantaged groups. However, it is used in different ways by academics, practitioners, agencies, governments and activists in the development field, many of whom have differing aims and worldviews. In recent years, the concept of empowerment has been widely utilised, both by market-led, 'neo-liberal' institutions (see Alsop and Heinson, 2005; Ledgerwood (ed), 2013; Elson, 2000:1348-1353;
Neo-liberalism has been the dominant ideology throughout the world for the last 30 years. Drawing on the economic development model of microcredit provision introduced in the last Chapter, major Western aid agencies and microcredit finance providers have conceptualised empowerment mainly in economic terms. As we saw in the last Chapter, this approach assumes, that if women are given loans, they are almost inevitably empowered (Mayoux, 1999, 2000, 2001, 2002). It also claims that economic empowerment leads inevitably to social, political and personal empowerment. To reiterate Cornwall’s (2014:1) view, these agencies and providers see microcredit as a ‘motorway’ to empowerment, or as ‘fast-track programmes that can be rolled out over any terrain’.

This approach has been heavily criticised by development academics for seeing the personal, social, political and cultural advancement of women as an automatic consequence of successful economic empowerment (eg. Johnson, 1998; Hashemi et al, 1996, Mayoux, 2002). This economic development model views women’s empowerment as a by-product of borrowing small sums of money. Such MCPs in the developing world seldom include training and education interventions, which many feminist writers and development practitioners consider important underpinnings of empowerment (see Mayoux, 2001; Fernando, 2006; Jakimow and Kilby, 2006; Cornwall, 2014).

As a result, the studies which are more critical of neo-liberal approaches to microcredit define empowerment more broadly. They see it as a way of helping people gain more control over their lives or build on their strengths (Thompson, 2007). From this more critical perspective, empowerment is a process that has economic, social and political, as well as personal, elements. These processes are seen as occurring simultaneously, rather than privileging the economic dimension. However, a close analysis of this literature reveals that there are important differences in the way such critical scholars conceptualize empowerment: some tend to focus almost exclusively on individual agency, while others emphasise that
structure constrains, or facilitates, individual choice.

As indicated in Chapter 1, Mayoux (2001:246-7) identifies three contrasting paradigms of empowerment. These are framed as ‘ideal types’ concerning the relationship between women’s empowerment and microfinance/microcredit: the financial self-sustainability paradigm; the poverty alleviation paradigm; and the feminist empowerment paradigm. I briefly examine each of Mayoux’s paradigms in turn in order to explore how they understand the relationship between the agency of borrowers and the structural conditions under which MCPs operate.

First, the **Financial Self-sustainability Paradigm** is broadly associated with neoliberalism and was dominant in the earliest microcredit studies, which Sabharwal (2000), following Goetz and Sen Gupta (1996:61), labels first generation studies. These were concerned with: ‘the financial sustainability of programmes and the monetary benefits to the borrowers’ (Sabharwal, 2007:7). This financial self-sustainability paradigm highlights the dominant view held by most microcredit practitioners and some researchers in the area who are mainly concerned with the developing world. Its stance was reflected clearly in the 1997 Microcredit Summit in Washington and is inscribed with the idea that financial improvement leads to a ‘virtuous spiral’ of empowerment in other areas of women’s lives (Mayoux, 1999). In other words, once women have access to credit and control of their own income and savings, improvements in their self-esteem, health, wellbeing and ability to shake off poverty automatically follow (World Bank, 2008 and 2014). Basic financial provision, it argues, underpins personal, social and, eventually, political empowerment:

> The paradigm assumes that increasing women’s access to microfinance services will in itself lead to individual economic empowerment through enabling women’s decisions about savings and credit use, enabling women to set up micro-enterprises, and increasing incomes under their control (Mayoux, 2002a:4).

From this perspective, economic empowerment leads to social and political
empowerment. Furthermore, Mayoux (2002:4) argues, the MCPs underpinned by this paradigm are intended to be large and, indeed, capable of competing with banks. As such, Mayoux emphasises that their main target is the ‘bankable poor’, ‘such as small entrepreneurs and farmers’ (Mayoux, 2002:4), rather than the poorest. Women are the focus of the paradigm because of: ‘high female repayment rates and the need to stimulate women’s activity as a hitherto underutilised resource for economic growth’ (Mayoux, 2002:4). This paradigm therefore defines empowerment very much in individualistic and economic terms, with the focus upon agency.

Second, the Poverty Alleviation Paradigm focuses on how access to small loans opens up individual women’s social and political choices, through encouraging self-reliance and decreasing vulnerability. Mayoux associates this paradigm with community development programmes, because women tend to experience higher levels of poverty. Mayoux follows Rogaly (1996) in highlighting the possibilities of alternatives in the scale and size of programmes:

There is a need to look at alternatives to the model of large-scale poverty targeted banking programmes implicit in most of the CGAP literature, particularly that from the World Bank, USAID and DFID. These alternatives would have rather a different sustainability dynamic but in many contexts may make a greater contribution to poverty-alleviation and empowerment. Alternative models already exist, but these have become marginalised in the rush for demonstrable numbers to attract major donors in the wake of the Micro-credit Summit and the dominance of very large organisations in this process. The alternatives include programmes that see sustainability in terms of stimulating and supporting many small micro-credit groups, encouraging them to become independent’ (Mayoux, 2001:259-260).

She sees this as happening with women’s rotating Savings and Credit Associations
(ROSCAs) which she views as ‘financially and institutionally sustainable without external support’ (Mayoux, 2001:260). Mayoux (2002a:5) sees this financial provision as enabling women to deal with gender inequality inside and outside the home and to cope better with their special family responsibilities: Consequently:

The main focus of programmes as a whole is on developing sustainable livelihoods, community development and social service provision like literacy, healthcare and infrastructure development (Mayoux, 2002a:5).

In contrast to the financial self-sustainability paradigm, for Mayoux (2000:5), this poverty alleviation paradigm defines poverty and its alleviation: ‘in broader terms than market incomes to encompass increasing capacities and choices and decreasing the vulnerability of poor people’.

Because Mayoux is writing about the developing world, she warns that the poverty alleviation paradigm presents:

women’s empowerment as an external imposition by Western-influenced middle-class feminists with little relevance to the needs of poor women. It is also seen as politically sensitive and involving conflicts within households and communities that may undermine organisational sustainability (Mayoux, 2002a:5).

However, it is the third paradigm, the Feminist Empowerment Paradigm, by contrast, that presents a more direct critique of the financial self-sustainability paradigm. Arising from the international feminist movement (Sen and Grown, 1988), it advocates a wider strategy for women’s economic, social and political empowerment, focusing on gender and feminist organisation (Mayoux, 2002:5). Microfinance is seen as part of this political strategy, covering everything from developing new technology, to reducing domestic work and overcoming legislative barriers. Reversing the financial paradigm, it recognises that economic empowerment
is dependent on social and political empowerment and that agents' choices are structurally constrained and facilitated. In other words, it acknowledges the role of structured inequality. As Mayoux (2002:4) emphasises, in this paradigm:

Economic empowerment is itself defined in more than individualistic terms to include issues such as property rights, change in intra-household relations and transformation of the macro-economic context.

Overall, Mayoux emphasises that microcredit programmes are founded on very different conceptions of empowerment. The financial self-sustainability and poverty alleviation paradigms both focus on the role of agents, while the feminist empowerment paradigm acknowledges the importance of structure. However, recently, Christens (2012) has emphasized the importance of relational empowerment, an approach which shares much in common with feminist writings from the 1990s.

Cornwall (2014:3) suggests that 'three important insights' flowed from this earlier work. First, she contends that: 'empowerment is about changing power relations and recognising that the inequalities of everyday lives are neither natural nor acceptable.' Second, she argues that: 'empowerment is relational: it is about the relations of power in which people are located, within which they experience disempowerment or come to acquire the 'ability to make strategic life choices' (Kabeer, 1999).’ This becomes important Cornwall (2014:3) suggests when we see how ‘social and gender relations come to be curiously absent’ from ‘contemporary discourses of empowerment.’ Third, she emphasises: ‘empowerment is a process. It is not a fixed state or an end-point, let alone a measurable outcome to which targets can be attached.’ She continues (Cornwall, 2014:3):

This process can be captured by the metaphor of a journey that can be travelled individually or together with others, in which the nature of the terrain comes to be a significant in determining progress. The work of external actors is not ‘empowering women’, but, rather,
clearing some of the obstacles from this path, providing signposts, stiles, bridges and sustenance for those making the journeys.

These important insights differ from the version of empowerment promoted by ‘international development agencies who stress: the acquisition of material means through which women empower themselves as individuals’ and become effective ‘producers and consumers who will drive growth’ (Cornwall, 2014:3).

### 3.2 Relational Empowerment

Christens (2012), working within the psychological empowerment literature, builds on the work of Riger (1993), amongst others, to develop a relational component to that literature. Although his work is broadly concerned with community development, with no focus on microcredit, it is very useful here for three main reasons. First, he emphasises the psychological dimensions of empowerment, in contrast to much of the microcredit literature, which, as we saw in the last Chapter, focuses heavily on the economic/material dimension. Second, unlike most of the psychological empowerment literature, he stresses (Christens, 2013) the importance of the community or interactive dimension of the empowerment process, thus moving the focus away from the individual. Third, he thus emphasises the link between community, power and empowerment. I begin by briefly introducing Christens’ work, before focusing particularly on ideas of community, relational trust and transformative power. The aim is to develop an approach to relational empowerment which I shall utilise in my empirical work.

#### 3.2.1 Christens’ Relational Empowerment

Like Mayoux’s third paradigm, the idea of relational empowerment recognises the role of structure, while also acknowledging the role of agency in the process of empowerment. However, it places more emphasis on community when explaining empowerment. Christens builds in part on the work of Riger (1993), although, as I have mentioned, Cornwall (2014:2-4) emphasises that much of the feminist work in the 1990s, and particularly the work of Kabeer (1994), also viewed empowerment as
Most MCPs are rooted in the financial sustainability paradigm and are underpinned by what Riger (1993) sees as masculine values, which view empowerment in terms of the exercise of ‘power over’ others (Rowlands, 1997:11). There is a focus upon the power held by individuals, which she argues can lead to competition and conflict among those who are the targets of empowerment (Riger, 1993:1). In her view, this is related to ‘a preference for traditionally masculine concepts of mastery, power and control over traditionally feminine concerns of communion and cooperation’ (Riger, 1993:1). In contrast, Riger (1993:286) sought: ‘to underline the role of connectedness in human life’ and to define empowerment as a positive, sociable, concept, with collective, as well as individualistic, dimensions. Riger (1993:284) therefore emphasised the need ‘to balance empowerment with a commitment to the community, hereby strengthening both individuals and the community as a whole’. For her, this commitment encourages co-operation, rather than competition.

Bateman and Chang (2012) also emphasise the importance of community for programmes that advocate empowerment, but it is Christens (2012) who emphasises most strongly that empowerment should not be seen as a solely individual process, but rather as one rooted in, and built on, collaboration and reciprocity within a broader community, hence his use of the term psychological empowerment, rather than individual empowerment. He argues, approvingly: ‘it has been argued that empowerment theory has ascribed primacy to individualism, independence, and control, while neglecting more communal processes and outcomes that are important to power and perceptions (Christens, 2012:115).

Christens also stresses that it is impossible to sidestep the power relations involved in community interactions. Empowerment involves a recognition of the ways in which social power operates in community change processes (Christens, 2013). For him, differences in socio-economic status, levels of education, social skills and professional experience, influence the efficacy of psychological processes of empowerment (Christens, 2012:115-6). As such, he argues that the interactional/community component of psychological empowerment; ‘has a more
complex relationship with community participation that is moderated by socioeconomic status (Christens, 2012:115). This does not mean that those who are empowered cannot help the less-advantaged become empowered. Indeed, quite the contrary, Christens sees the relationship as reciprocal and writes elsewhere about how community organisers can help the process of empowerment (Christens, 2010).

Christens identifies the power used to overcome these structural constraints, and to bring about positive, collaborative, empowerment processes, as transformative power (2012:116). This power is exercised individually and collectively to work towards social change and is seen in: ‘action intended to alter structural conditions and dynamics in social, political and community contexts’ (Christens, 2012:116). Here, the relationship of Christens’ work to earlier feminist work is evident, as he emphasises the progressive part of the empowerment process which seeks to provide positive reinforcement for disadvantaged individuals and groups, and to contribute to a sense of a community environment that facilitates the capabilities of individuals.

This stress on the importance of community is in turn related to relational trust and transformative power. The argument is that empowerment is more likely to occur for individual women in a community marked by relational trust and a commitment to transformative power. In this approach empowerment is seen as a process (Cornwall, 2014), or a ‘pathway to empowerment’. These pathways may be varied and indirect and, to a large extent, will be decided by those who wish to be empowered, rather than being imposed upon them by resourceful others. Given this importance of the concept of community in Christens’ approach, it is necessary to examine in more detail how it links to relational empowerment.

(i) Community and Relational Empowerment

While the concept of community is not uncontested, Iris Young has defined ‘the ideal of community’:

(which) presumes subjects can understand one another as they understand themselves.......(It) privileges unity over difference, immediacy over mediation, sympathy
over recognition of the limits of one's understanding of others from their point of view (quoted in Gibson-Graham 1990:302-303).

This view of community reflects a desire to: 'overcome individualism and difference, to produce social wholeness and mutual identification' (1990:302). Relatedly, Gibson-Graham recognise the antipathy of community to neo-liberalism, but point out that:

it is an interesting irony that in the current neoliberal political and economic climate, in which individualism is promoted as an unquestioned social good, all over the world, the term community has increasingly come to the fore (Gibson-Graham, 2006:84).

In contrast with the neo-liberal view, Riger's and Christens' approaches build upon McMillan and Chavis' (1986:9) definition of a sense of community as: 'a feeling that members have of belonging. A feeling that members matter to one another, and to the group, and a shared faith that members' needs will be met through their commitment to be together'.

When researchers discuss MCPs, one crucial element of the idea of community concerns the relations between the 'lenders' and the 'borrowers'. In this context, Parmar (2003:475) claims that those who are helping women to become empowered need to find ways of working as 'women's allies', assuming 'a supportive role in women's struggles rather than a dominant one'. She further argues that the efforts of those intervening in women's lives: 'to improve gender equality and the status of women cannot come at the cost of co-opting women's struggles'. In other words, those helping and supporting women towards empowerment from a position of greater experience and resources, cannot do the work and deliver empowerment for them, but can assist: 'by offering resources and support and by helping to foster an environment in which women can empower themselves and tackle injustice in their own lives' (Parmar, 2003:475). From this perspective, the nature of community relationships is integral to the pathway to empowerment.
According to Christens, a community is based on relational trust between its members. This becomes particularly important when money is involved. The word 'credit' comes from the old French credere, to believe, and, in this sense, all financial transactions are built on trust. There is an understanding that loaned money will be repaid and the borrower accepts this expectation and stakes her reputation on this when taking on a loan.

Giddens (2006:122) defines trust as:

the confidence we have, either in individuals or in institutions. In a world of rapid transformation, traditional forms of trust tend to become dissolved. Trust in other people used to be based in the local community. Living in a more globalized society, however, our lives are influenced by people we never see or meet, who may be living on the far side of the world from us.

Under these circumstances, trust between women and mainstream banks may be difficult to build, even for women entrepreneurs. Research on the Network Credit organisation and 'women entrepreneurs' in Norway found that it was difficult for banks to trust a 'woman entrepreneur', because this was seen as an oxymoron (Ellingsen and Lotherington, 2006:14). Ellingsen and Lotherington (2006:14) argue that, because women are not trusted by banks in gender-divided societies, 'trust is consequently developed within separate gendered groups' and non-bank lenders supply trust and credit to women. This conclusion highlights the significance of two findings from the previous Chapter: the importance of scale; and the importance of women-only MCP organisations.

In this context, Ellingsen (2003, cited in Ellingsen and Lotherington, 2006:19) argues that there are three types of trust, which are used to bridge the risk associated with lending which can exist alongside one another:
Pre-contractual trust which is, the taken-for-granted, implicit trust, established over time; structural trust, based on formal structures and positions, which is gradually institutionalised by legitimate power; and, finally, relational trust, based on closeness, acquaintance and cooperation, which develops through cooperation and negotiations.

Ellingsen and Lotherington (2006:19) suggest that relational trust is the result of interaction and shared experiences between individuals and groups who regularly interpret each other’s actions and gradually gain confidence in each other. It is thus a core aspect of the process of relational empowerment, and this process is enhanced when organisations such as MCPs can maintain close, small-scale, social relationships.

(iii) Transformative Power and Relational Empowerment

Christens (2012) maintains that relational empowerment, exercised within a community, characterised by positive relationships and collaboration between its members, is explicitly concerned with transformative power and change. From this perspective, power is something which is ‘exercised in and through relationships’ (Christens, 2012:117). Even though Christens acknowledges the structural constraints on change, he argues that a powerful group can attempt to use ‘relational dynamics’ to assist a disadvantaged group (Christens, 2010:16). Such ‘transformative power’ is used to challenge structural obstacles and to bring about positive, collaborative, empowerment processes. It is exercised individually and collectively to work towards social change and is seen in: ‘action intended to alter structural conditions and dynamics in social, political and community contexts’ (Christens, 2010:16). According to Christens, transformative power works with, and through, positive relationships, fostering collaboration and reciprocity, while acknowledging that relationships are vital for human well-being and development.

This emphasis on ‘transformative power’ has another important implication for measuring empowerment. Because empowerment emerges through specific positive
social relationships, MCPs and researchers cannot be confident that they can identify the measures of empowerment in advance. As Kabeer (1999:461-2) stresses: 'indicators of empowerment cannot provide an accurate measurement'. Because empowerment is a process in which those involved negotiate and transform their relationship with individuals and institutions, researchers need to be sceptical of preconceiving the nature of any specific process of empowerment. This suggests that researchers need to be cognizant of the experiences of borrowers and that each particular case study will involve its own peculiar dynamics of empowerment.

The core of relational empowerment rests on the link between community, relational trust and transformative power. However, there are other crucial elements identified by Christens and others which my case study will examine: a sense of belonging; feeling self-confident; having higher self-esteem; sociability; empathy; and reciprocity (Christens, 2012:118-120).

3.3 Empirical Indicators and Explanations of Empowerment

Concern over the extent to which women are empowered within microcredit programmes demands establishing indicators of empowerment. Mayoux (1998a) draws attention to the varying indicators of empowerment that are used by studies in this area, arguing that these reflect the three differing paradigms of the relationship between microcredit and empowerment. The value of Mayoux's paradigmatic typology can be seen in the way different researchers have approached the measurement of empowerment.

In her review of 10 Bangladshi studies of prominent MCPs and women's empowerment, Sabharwal (2000:8) makes the point that those researchers who wanted to draw attention to the: 'limitations of the transformative capacities of MCPs, conceptualised empowerment using single-dimensional indicators, such as 'accounting knowledge' (Ackerly, 1995), 'managerial control' (Goetz and Sen Gupta, 1996) and 'cash management' (Montgomery et al, 1996). She suggests that in this work a multidimensional process of change is reduced to a single aspect of a process or outcome, ignoring other significant ways in which credit for women can have positive impacts (Kabeer, 1998, cited in Sabharwal, 2000). In this approach, if
there is no evidence of economic self-sustainability, MCPs are deemed by these critics to have failed, whether, or not, women have been empowered in other ways.

Sabharwal (2000:8) suggests that: 'studies making positive claims (about the presence of empowerment)', (for example, Rahman, 1999; Amin et al., 1998; Kabeer, 1998; Osmani, 1998; Schuler et al., 1997; Hashemi et al, 1996; Pitt and Khandker 1995), tend to use multi-dimensional indicators, largely derived from the lived experiences of the subjects.' These indicators include: aspects related to women’s autonomy; relative access to household resources; control over decision-making; inter-spouse consultation; mobility; political and legal awareness; and involvement in political campaigning and protests.

One of the general problems with the type of evaluation studies used to assess the ‘success’, or otherwise, of policies is that the focus is invariably on those indicators which are the most easy to measure, rather than those which are the most important (Marsh and McConnell, 2010). For example, Alsop and Heinsohn’s (2005) assessment of the success of MCPs, focuses upon economic empowerment, because that is much easier to measure than the personal, social or political aspects of empowerment. This does not mean that it is impossible to measure social or political empowerment, but, even if we can identify changes at the individual, family or community level, it is very difficult to assess how much of that change is attributable to the woman’s involvement in microcredit schemes (Mayoux, 2001).

Mayoux (1998a) identifies other measurement difficulties, even when the focus is exclusively on economic empowerment. She points out that even seemingly straightforward quantitative proxies of economic empowerment, such as the number of women who are members of a programme, the number and size of loans or repayment data, are problematic. For example, although women may register loans, they can in reality go to men, or women may lend the money to men. As, Mayoux (2002a:7) argues: ‘High demands for loans by women may be more of a sign of social pressure to access outside resources for in-laws or husbands than empowerment.’ Overall, it is difficult to isolate the importance of MCPs, let alone their role in any form of empowerment, regardless of the paradigm adopted.
The work of Kilby offers a useful means by which to tackle this problem of indicators of empowerment. He acknowledges (Kilby, 2011:131) the problems with measuring empowerment and emphasises that women’s projects in the developing world are:

- time-bound and seek to identify (often tangible) outcomes in advance. These two requirements of the project, in the context of empowerment, imply a de facto pre-determination of what is empowerment and how it may be achieved, which may not accord with what the recipient sees as empowering (see also Spiller, 2013).

Furthermore, he recognises the importance of structural constraints on judgments of ‘success’:

- the implications of the findings on empowerment being identified with agency and the expansion of an individual’s influence and power into new social and political domains is that these changes cannot be easily predicted, time-limited or articulated in advance as expected outcomes (Kilby, 2011:131).

Here, Kilby is drawing on the work of Kabeer (1999). Kabeer (1999:457) argues that: ‘Women’s organisations and social movements in particular have an important role to play in creating the conditions for change and in reducing the costs for the individual’. She continues in relation to strategies of empowerment: ‘the studies here suggest a role for individual agency in challenging gender inequality but they also point to the importance of larger structural change’.

In discussing indicators, she emphasises (Kabeer, 1999:461):

- Indicators of empowerment cannot provide an accurate measurement of changes in women’s ability to make choices, they merely have to indicate the direction and
meaning of change (...). disembedded from their context, indicators can lend themselves to a variety of different and contradictory, meanings. Given the value-laden nature of the concept of women's empowerment, there is a danger that analysts opt for those meanings which most favour their own values regarding what constitutes appropriate choices for women (...). We have also noted the importance of ensuring that the values which inform definitions and measures of empowerment are sensitive to the domain of possibilities in which women are located.

She goes on to deal particularly with the idea of measuring empowerment (Kabeer (1999:462):

There is an implicit assumption underlying many attempts to measure empowerment that we can somehow predict the nature and direction that change is going to assume. In actual fact, human agency is indeterminate and hence unpredictable in a way that is antithetical to requirements of measurement. Thus giving women access to credit, creating constitutional provision of political participation or equalizing educational opportunities are unlikely to be automatically empowering in themselves but they do create the vantage point of alternatives which allows a more transformatory consciousness to come into play. The translation of these resources and opportunities into the kinds of functioning achievements which would signal empowerment is likely to be closely influenced by the possibilities for transformation on the ground, and how they are perceived and assessed.

Kilby (2011), influenced by Kabeer, notes that few studies of microcredit in the
developing world utilise an explicit framework for measuring empowerment. The research focus is usually upon the structure, operations and prospects for financial sustainability of a particular microcredit project. Echoing Sabharwal (2000), he observes that the extent to which women are empowered is usually made on the basis of the numbers of participants in the project, the size of loans and terms of repayment. The focus is therefore, as Kabeer (1999) flagged, upon limited, quantitative, financial indicators of empowerment (see also Cornwall, 2014).

In contrast, Kilby (2011:32) specifies his definition of empowerment, before outlining the indicators he utilises in his research:

As a starting point, I will propose a relatively narrow definition of empowerment: as being related to ‘agency’ or the expansion of individuals’ choices and actions, primarily in relation to others. This definition (...) can provide a basis for the measurement of empowerment; while at the same time being the foundation for broader social change, which entails access to power by those who are disempowered.

Unlike much of the microcredit literature, particularly that utilising a financial sustainability paradigm, Kilby broadens this concept of agency to consider women’s experience of empowerment. This involves reporting what Self-Help Group (SHG) members he studied saw as empowering. His main aim was: ‘to capture where I can insights from women as to what change has meant for them’ (Kilby, 2011:3).

Thus, the starting point for Kilby and his research team was: ‘to look at these NGO programmes, providing microcredit and other services, on their own terms and the changes that had occurred in women’s lives as a result of these interventions’ (Kilby, 2011:3). The accent was on the experiences of the women, rather than the sustainability, financial efficacy and empowerment potential of the programmes with which they were involved. Obtaining such information required using open-ended questions to the women who were the beneficiaries of these SHGs, so their voices could be heard directly. He and his team were conscious that the women’s individual
definitions of empowerment might be different from the lender’s aims or the researcher’s expectations and values.

Kilby’s approach in eliciting the women’s narratives is very important as it has given a perspective on empowerment which goes beyond the NGOs, and the researcher’s expectations and values. As Kilby argues (2011:101):

'It may well be that NGOs would be better served if they looked at the outcomes of their programmes in terms of empowerment less by way of anecdotal evidence, which may reflect a minority of cases, but more by way of systematic monitoring of broad-based changes women see in their lives.'

Kilby also recognises the importance of work on cognitive psychology, the disciplinary approach of Riger (1993) and Christens (2012). He argues (Kilby, 2011:126) that this approach: 'relates empowerment to the self-esteem, confidence and assertiveness that an expansion of an individual’s choices and capacity for action brings.'

Like Christens (2012), Kilby (2011:38) stresses the importance of co-operation and community, arguing that individual empowerment only occurs in a social context. This clearly evokes the concept of relational empowerment discussed above. He recognises that, while his concentration on agency leads to a mere ‘sense of empowerment’ for the individual, this can only be materially realised through actions in a social context. His point is that the structure within which individual women are (and feel) capable of acting is an important factor in the empowerment process.

This suggests that empowerment also contains a phenomenological element. Nussbaum (2000) argues that an internalised feeling of being empowered enhances the capability to act. Through this process, individual feelings of empowerment are made concrete by group solidarity, which then may lead on to social change. This approach takes account of structural realities interacting with an individual’s feeling of capability to act. Would they be able to pay back borrowed money? Could they
budget effectively? How would these material changes make them feel in terms of confidence and/or self-esteem?

Kilby also argues that there is 'a feedback loop, or virtuous circle', where personal empowerment enables a collective sense of capability to act and: 'an awareness of a collective sense of rights (leading to collective action) which in turn leads to enhanced personal power'. From this perspective, the group can empower the individual and an empowered individual is: 'an efficient way for a group to more ably assert its rights and needs' (Kilby, 2011:39). This loop between the personal and the collective also echoes Christens' concept of relational empowerment.

Kilby (2011:127) argues that the empowerment of relatively marginalised women, in a development context, involves a process of overcoming their incapacity to pursue their own interests. While women may be constrained by structures (for example, the employment by MCPs of male, educated bank officials, who co-ordinate weekly meetings), Kilby claims that it is also possible for effective MCPs to increase their capacities as organisations (their agency). Indeed, his empirical work indicated that MCPs can enhance an individual's internalised feelings of empowerment, which, in turn, can feed back to make the collectivity stronger. He observed how:

before the intervention (of the MCP) the women were restricted to the household sphere, and there they had little power. Empowerment for these women was being able to enter new spheres or domains ...The result of this enhanced access to different domains of power was articulated principally in terms of personal self-esteem, expanded choices and the capacity to act (Kilby, 2011:101).

Like most of the literature on microcredit and empowerment, Kilby’s focus is on the developing world (India in this case) where women are subject to different social and cultural expectations than they are in a developed country. Consequently, the indicators of empowerment he developed from a study of Indian SHGs which provided microcredit are less applicable for looking at developed world microcredit
programmes. For instance, as we saw in the previous Chapter, developed world MCPs tend to lend to individuals rather than groups, and they focus on facilitating individual empowerment, rather than community empowerment. As a consequence, one of the aims in my empirical research is to develop a set of indicators of empowerment more applicable for the developed world, informed by the concept of relational empowerment.

Kilby (2011:84) attempted to explore empowerment through the: 'change in personal agency the women experienced as a consequence of being a member of a group'. He used questions which explored: 'the group members’ perceptions of what they had learnt as a result of being active in the group'; the key changes that had occurred in their lives during the past few years; and whether the women believed these changes were related to their membership of the SHGs. He also asked the women about: 'the outcomes they had experienced, such as what they had learnt and the assets they had gained'. These questions were consistent with a focus on the experience of borrowers.

In terms of experiences of empowerment, women themselves identified strongly with notions of ‘agency’. Kilby (2011:84) observed that subtle changes: in ‘power relations with those with whom the women interacted (through their increased agency) were ranked by the women – in terms of importance – ahead of more tangible outcomes, such as increased incomes.’

Overall, the responses to Kilby’s open-ended question on putative change in the respondent’s position indicated that:

only a few respondents mentioned gaining assets or increased incomes as such. This suggested that changes in the economic domain, popular with microfinance proponents, do not feature as highly in these women’s lives as many would expect (Kilby, 2011:84-5).

Returning to Mayoux, this suggests that the financial paradigm cannot capture the
full meaning of empowerment experienced by borrowers.

While some of the women in Kilby’s study mentioned ‘the reduced cost of credit’ (Kilby, 2011:85) as being important in their lives, overall, women respondents downplayed the importance of financial empowerment. Rather, it was: ‘the broader process of social inclusion and their influence in it that they found empowering’ (Kilby, 2011:85). This conclusion confirms the value of the feminist empowerment paradigm, as well as Christens’ concept of relational empowerment. On the basis of his analysis, Kilby argues that the key dimensions of empowerment for these women were: i) autonomy of action; ii) changes in their role in family decision making; iii) participation in community decision-making; and iv) ability to advocate on broader social issues.

Kilby’s Indian respondents identified a range of eight key empowerment changes in their position as a result of their participation in the Self Help Groups (see Kilby, 2011:85): i) go out of house; ii) gain family respect; iii) see self-help group as important; iv) attend village meetings; v) deal with officials; vi) engage in social advocacy; vii) engage in business; and viii) have strong influence in community. Almost all of these changes are of more relevance to India than a developed country; in particular, ‘getting out of the house’ and ‘attending village meetings.’ For this reason, while I acknowledge and build upon his concern to develop indicators of empowerment, while recognising Kabeer’s strong argument that it is indicators, not measures, which are important, MCP researchers in the developed world need to critically re-evaluate the nature of empowerment indicators appropriate to different settings and circumstances.

One of my key research aims is to develop such a set of indicators of empowerment through the research process, informed by the conceptual frame of relational empowerment. Given this, I am concerned to establish whether, and to what extent, a sense of community and a sense of trust are important aspects of any process of empowerment.

Conclusion
On the basis of this review, it is now possible to outline my own conceptualisation of empowerment derived from the literature reviewed relating to my research questions.

Research operating with an understanding of relational empowerment is valuable for two reasons. First, it is a position which can build upon the critiques by Mayoux and others of previous paradigms of empowerment in relation to microcredit. In these critiques, the financial self-sustainability paradigm has been criticised for narrowly equating empowerment with the lending of money. It is an individually-centred approach which fails to acknowledge the structural constraints that poor women face. The poverty alleviation paradigm does recognise the role women play in the community, but shares with the financial self-sustainability paradigm a focus on the economic aspects of empowerment. The feminist empowerment paradigm is broader, recognising the structured inequality women face and suggests the importance of the social, and political, as well as economic aspects of empowerment.

More recently, the relational empowerment paradigm has added to this broader understanding of empowerment, evoking two features which studies have found significant (Kilby, 2011; Bateman and Chang, 2012). First, empowerment is likely to occur more successfully in a community environment, where individuals feel respected and trusted. Second, the relationship between the lenders and borrowers in MCPs is crucial, as this is at the core of relational trust and transformative power.

Following this, my definition of empowerment is a slight variant on that of Jakimow and Kilby’s (2006:379): ‘Empowering women is the reduction or removal of constraints that reduce the ability of women to pursue their interests.’ I change ability to capability, because in my view ability implies too much agency, while capability, as Sen acknowledges, more clearly recognises the interaction between structure and agency during a woman’s experiences of microcredit, and indeed life. From Christens, I also recognise that power is relational and involves a crucial role for community. Consequently, my definition of empowerment becomes: Empowering women involves the reduction or removal of those constraints that limit the capability of women to pursue their interests, in a community context that recognises that power is relational.
My concern in this thesis then is to look at the extent to which, and the ways in which, women are being supported, and effectively empowered, in the context of MCPs in the developed world. Following Kilby, I acknowledge the importance of borrowers' experiences. As such, the main questions I address in my study of the WLF are:

1. How does the organisational structure and aims of the WLF aim to empower women?
2. What views of empowerment do WLF Lenders have?
3. What views of empowerment do WLF Borrowers have?
4. In what sense is the WLF Borrowers' experience of MCPs empowering?

Of course, while these questions are specific to the WLF, I will also be considering the utility of the concept of relational empowerment for understanding the operation of MCPs like the WLF, while, at the same time, looking to develop indicators of empowerment which have more general utility.
Chapter 4. On Methodology and Methods

This Chapter outlines the methodology and methods used to address my research questions. It is divided into three sections. The first section outlines, in broad terms, the way in which the methodology and methods were utilised to address the research questions outlined in the introduction and discussed in the last chapter. I begin with a justification of the use of the New Zealand Women's Loan Fund (WLF) as a case study, before showing how the research questions, and particularly the concept of empowerment, are operationalised and addressed in this research. The second section then examines some of the broader questions involved in my research, focusing upon: the reasons for the use of qualitative methodology; the ethical issues involved; and issues of personal disclosure and reflexivity. The third section then outlines my case study in more detail, considering: the scrutiny of WLF documents; the way in which I established and nurtured contacts with the WLF Branches; the range of interviews I conducted with WLF Borrowers, WLF Branch Coordinators and WLF Trustees, Donors and Supporters; my use of participant observation; and my Research Workbook.

4.1 From Research Questions and Concepts to Methods

As is clear from the last chapter, this thesis focuses on the extent to which, and the way in which, women are 'empowered' within a microcredit organisation in the developed world. Four questions frame the way in which my case study of the WLF is discussed:

1. How does the organisational structure and aims of the WLF aim to empower women?
2. What views of empowerment do WLF Lenders have?
3. What views of empowerment do WLF Borrowers have?
4. In what sense is the WLF Borrowers' experience of MCPs empowering?

These research questions have methodological implications which are discussed in this chapter. However, I begin by discussing the choice of the WLF as a case study.
4.1.1 Why the WLF?

As we saw in Chapter 2, the literature on microcredit organisations in the developed world is limited and there is an absence of detailed studies of how particular MCPs operate. I chose the WLF for a number of reasons, some of which I outlined in the Preface. First, I had encountered the WLF in New Zealand on a visit there in 2001, otherwise I might not have known of its existence. Second, because it had been in existence for over 20 years, it was an established MCP and it is important to examine the operation and outcomes of MCPs along a temporal dimension. As Figure 4.1, which presents a chronology of the ebb and flow of the WLF’s Branches, indicates, its growth has been organic, not planned or orchestrated. Third, the WLF is a women-only Fund and this issue is an important one in the literature on the empowerment of women. Fourth, the WLF has clear aims, reflected in The Manual, which I had been given a copy of when I first encountered the organisation. Significantly, The Manual emphasises that the WLF’s focus is not on scaling-up, thus providing a ‘solution’ to poverty, but rather on responding to Borrowers’ needs. As we saw in Chapter 3, the critical literature on microcredit suggests that small-scale schemes, linked to local communities, are more likely to be successful and I wanted to assess the veracity of that claim.
**Figure 4.1: A Chronology of WLF Branches**

(Sources: Roberts, 2003, together with personal communication from Gwyneth Wright 20/12/2014).

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>Wellington Branch Founded</td>
</tr>
<tr>
<td>1995</td>
<td>6 Funds active including 2 in Wellington.</td>
</tr>
<tr>
<td>1996</td>
<td>Funds in Wellington, New Plymouth, Upper Hutt, Christchurch, Auckland and Manawatu (Palmerston North) started up.</td>
</tr>
<tr>
<td>1997</td>
<td>All of the above still in operation with the addition of Marlborough, Kaitaia, Dunedin, two Branches in Whangarei, one for Pākehā and one for Maori, and a shortlived experiment for Samoan women run in Wellington (Asosi Sulafiga) under the Pacific Island Budget Service. An Australian Fund was established in Dorrigo in New South Wales (the Mountain Women's Loan Fund).</td>
</tr>
<tr>
<td>1998</td>
<td>Wellington and Whangarei both have two Funds and a fund is established in Rotorua.</td>
</tr>
<tr>
<td>1999</td>
<td>All of the above still operating with the addition of Waikato, based in Hamilton.</td>
</tr>
<tr>
<td>2000</td>
<td>Asosi Sulafiga, Kaitaia and Whangarei closed down. The Funds operating at this time are Wellington, New Plymouth, Upper Hutt, Christchurch, Auckland, Manawatu, Marlborough, Dunedin, Rotorua, Waikato, South Canterbury and Wairarapa, Bay of Islands. Hibiscus Coast started up.</td>
</tr>
<tr>
<td>2001</td>
<td>Nelson Branch established and Auckland is re-launched.</td>
</tr>
<tr>
<td>2003</td>
<td>Thames-Coromandel-Hauraki takes over a defunct Fund and starts afresh. 15 Funds operating: Wellington, New Plymouth, Upper Hutt, Christchurch, Auckland, Manawatu, Marlborough, Dunedin, Rotorua, Waikato, South Canterbury, Wairarapa, Bay of Islands and Hibiscus Coast.</td>
</tr>
<tr>
<td>2008</td>
<td>Wellington closed down, Wairarapa winding up, Te Putea Awhiti has also disappeared.</td>
</tr>
<tr>
<td>2009</td>
<td>Auckland, New Plymouth, Hutt Valley, Christchurch, Dunedin, South Canterbury, Thames-Coromandel-Hauraki still operating. Waikato and Rotorua inert, Bay of Islands, Hibiscus Coast and Manawatu have closed down, Wairarapa is closing down.</td>
</tr>
<tr>
<td>2014</td>
<td>8 Funds remain operational, Auckland, Upper Hutt, Waikato, Thames, Nelson, Christchurch, Dunedin and South Canterbury (Timaru).</td>
</tr>
</tbody>
</table>
The WLF is a valid case-study, but, of course, results drawn from this case cannot be simply generalised to other cases. Rather, they can only be suggestive of issues which are important for microcredit organisations in the developed world. Throughout this thesis my intention is not only to present a study of the WLF, but also draw some broader lessons about the role microcredit can play in the empowerment of women in the developed world.

(i) Operationalising the Research Questions

To operationalise my research questions I needed to undertake a detailed case study of how the WLF operates. This involved an analysis of the organisational structure and aims of the WLF, which was largely based on scrutiny of The Manual and other WLF documents, together with information gathered from interviews and attendance at four WLF Conferences. The key aim was to address the first research question and explore the extent to which, and the ways in which, the WLF aims to empower women?

Scrutinising these documents helped me established what the WLF claimed it was doing, although I was also concerned with how it operated in practice. I undertook a detailed study of two Branches, a choice which is justified below. This involved interviews with the Coordinator, Trustees and Supporters in each Branch, discussed in more detail later. In addition, I interviewed Coordinators from other Branches and talked to a number of Trustees from other Branches at the Annual Conferences I attended. I also briefly shadowed each Coordinator and, basing myself in each Branch for several weeks, observed and experienced many of the day-to-day interactions in the Branches. The main aim was to explore the views of empowerment held by these Coordinators, Trustees and Supporters, thus addressing

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5 More recently, two other MCPs have been established in New Zealand: Nga Tangata Microfinance, established in 2011; and Good Shepherd, established in 2012. Both are described as No Interest Loan Schemes (NILS). The MCPs are backed by the New Zealand Government and two large NZ banks provide funding – KiwiBank and BNZ (Bank of New Zealand) respectively. I briefly discuss this development in relation to the WLF in a Postscript to this thesis.
the second research question.

As I emphasised in Chapter 2, there are relatively few studies of microcredit organisations in the developed world, and those studies rarely talk to the Borrowers involved. This latter point is particularly emphasised by Kilby (2011). I was therefore conscious of the need to examine the Borrowers’ views of the WLF and what it had done or was doing for them. For this reason I undertook 26 interviews with Borrowers which are discussed in more detail below. Here, there were two main aims: to explore Borrowers’ views of empowerment; and to focus upon whether Borrowers found their experience of the WLF empowering. This allowed me to address the third research question.

In operationalising the concept of empowerment, in particular to address research question 4, I remained attuned to the complexities of the concept in the literature outlined in Chapter 3. Much of the microcredit literature views empowerment almost exclusively in economic terms, an approach which I critiqued in the last Chapter. In exploring the operation of the WLF, I was concerned to examine the economic aspects of empowerment, as the organisation exists to lend money to help women financially. However, as the critical literature on microcredit makes clear, this is only one aspect of empowerment. I was therefore concerned to look at the other role(s) that the WLF played, and was seen to play, by Lenders and Borrowers, in addition to lending money. In particular, drawing on Christens’ concept of relational empowerment, I was concerned to explore the conceptual significance of community, relational trust and transformative power and the extent to which these processes informed the operation of the WLF. I did not ask direct questions about empowerment and its relationship to community, trust or power. Rather, to operationalise the concepts, I asked how the WLF Branch fitted into the local community and explored the nature of the relationships between Borrowers and Trustees. However, I also found that the issues of community and trust were frequently raised, unprompted, by respondents.
4.2 On Methodology

4.2.1 The Use of Qualitative Methodology

Based on my understanding of the empowerment literature, discussed in Chapter 3, I decided that, in undertaking a case study of the WLF, I needed to utilise a qualitative approach and plan unstructured, 'conversational', interviews (Yanow, 2003:10) with the Lenders and Borrowers (see Yanow, 2003; Roberts (ed), 1981; Oakley, 1998; Neuman, 2006).

As I emphasised earlier, the more critical literature stresses the overemphasis upon economic empowerment in the literature on microcredit in the developing world. The literature examined in Chapter 3 led me to move away from a financial focus on quantitative data associated with the size of loans or the percentage of loans repaid. Rather, by focusing on other aspects of empowerment (such as the importance of community or trust) I needed the Lenders' and Borrowers' understanding of how the WLF operates and the importance of community and trust to that operation.

My methodological approach drew upon both Steve Gudeman's argument that we need to learn 'to experience social research as a form of conversational interaction' (cited in Gibson-Graham, 2006:xvii) and Michael Callon's emphasis that we should think 'about practicing research alongside, rather than on a group or organisation', using 'an open, affective disposition' and 'a desire to relate to rather than dismiss or colonize the work and specializations of others' (cited in Gibson-Graham, 2006:xvii; my emphasis). These points reinforce the critical literature discussed in Chapter 3 that emphasised that empowerment has an emergent quality that cannot be dictated in advance. This approach is also endorsed by Christens (2012:123) who argues that: 'In-depth qualitative research on empowerment should continue, especially in contexts where empowerment processes remain unexplained.'

Crucially, I was concerned to explore my respondents' (both Lenders' and Borrowers') experiences of the WLF, giving them a 'voice'. This is not something that can be done adequately using questionnaires, as they introduce preconceived ideas about the issues which are important. Overall, I wanted to understand how the
WLF worked and whether Borrowers had benefited, from the perspective of the women who were Lenders and Borrowers in the organisation.

My approach echoed Yanow's (2003:10) view that qualitative methods often 'require a flexible response in the moment to observational (including participative observation) and interviewing circumstances' and that 'understanding and concepts are allowed (indeed expected) to emerge from the data as the research progresses'. Reflecting this, my methods could not follow a 'stepwise course'. Rather, they changed in small ways once I experienced the 'research-site realities' in ways I could not always anticipate beforehand. For instance, I was invited out to Retirees' Clubs and local Cabaret Nights, Special Film Shows and Concerts and, at all these venues, I would often meet WLF Trustees and Supporters I had already interviewed, and new people who would talk to me about the WLF. As one example, I met a prospective Branch Trustee in a local Arts Cinema and the next morning she phoned to ask me about my research and the role of the WLF. I emailed her and she subsequently got involved with her local Branch. In this way I gained insights into the local communities and how the WLF fitted into them, the power relations involved and the social stratification that existed. I would walk everywhere I could – but was often given very generous lifts by Coordinators, Trustees and, occasionally, Borrowers. This gave ample opportunity for informal exchanges.

Some of the WLF Branches covered wider areas than I had foreseen. However, it was usually possible to find a nearby café, a less-formal setting in which I could interview – arranging to meet interviewees over the phone. The interviews I conducted with both Borrowers and Coordinators/Trustees lasted between 30 and 75 minutes. I used individual, semi-structured (conversational) interviews with Borrowers and Lenders, rather than focus groups, in large part because, in my experience working with relatively marginalised women like many of the Borrowers, it is especially difficult for them to open up about their past in a group setting. They are often concerned about other people reacting negatively to them, and suffer from a lack of confidence about talking in public (Giddens, 2004:17).

I used open-ended questions, rarely mentioning empowerment directly except when interviewing the Coordinators. Rather, I asked both Lenders and Borrowers about the
practical operation of the WLFs and how they understood it. At the same time, I explored other issues raised in the empowerment literature, particularly when dealing with relational empowerment, regarding the relationships between Borrowers and Lenders (to broach issues of relational trust) and the links between the WLF and the local community. It is important to reiterate, however, that in talking generally about the operation of the WLF, both Lenders and Borrowers themselves raised issues of community and trust. Both Lenders and Borrowers also felt that Borrowers, benefited from their experiences within the WLF in personal and social, as well as economic ways, which is the starting point for any discussion of relational empowerment.

A qualitative methodology enabled me to explore Lenders’ and Borrowers’ own experience of the WLF and to go beyond a focus upon the economic aspects of empowerment. It allowed me to observe the way in which community, trust and individual empowerment interact.

4.2.2 Ethical Issues

As part of the ANU ethics procedure, I required the participant’s consent to be interviewed. In informing them about my research, I was concerned not to alienate them with complicated language or academic jargon. The forms I used to introduce my research, and to gain interviewees, went through three drafts to ensure that they were appropriately simple. My Research Information and Contact Forms were cleared through the ANU Ethics Committee. I also cleared the final version with the Coordinators of the Branches where I planned interviews, as I was wary of alienating women with bureaucratic jargon or overly involved paperwork. However, I did want them to realise that they were contributing to a study that would benefit the WLF as organisation, by providing an analysis of its strengths and weaknesses. I subsequently reported my findings at three Conferences and my contributions allowed the organisation to reflect on its operation in a way that it was unlikely it would have done otherwise. Above all, I wanted my respondents to feel valuable, so that they might consider it relevant to talk honestly about their involvement with the WLF.
The various forms I had prepared proved to be useful ice-breakers and I planned the interview situations precisely. While the women looked through them, I usually collected or dealt with tea/coffee and cake. Respect was a vital facet of these encounters.

My experiences suggested that I was welcomed, trusted and respected as a researcher in the Branches. In one research location, a Coordinator allowed me access in the strictest confidence to the personal files of Borrowers and Trustees so I might select suitable interviewees. In another Branch, I was trusted with a key to the tiny communal office located within the local hospital. As a result of this second decision, based on trust, I was able to choose suitable interviewees to approach. This office was more a repository for files and other records and space for one to one meetings, than it was a long-term working space. It also had no internet or telephone access, as regular administrative work was done from home by appropriate voluntary Trustees or a Coordinator, all of whom had access to this office if their work for the Branch required it. I was able to use it as a quiet base in the centre of town where I could collect my thoughts, write up my Research Workbook and prepare for meetings or interviews. I carefully checked my prospective interview list with the relevant Branch Coordinator. From the membership files, I was able to gather information about the Borrowers’ living situations, their credit history, the current state of their loan repayments and also their state of mind. There were also letters and notes on file, giving basic information and changes of address and, occasionally, there were incidental contact notes to the Branch and thankyou letters. These details enabled me build up a picture of the women I would be meeting.

While the formal aspects of the ethics procedure were important, and indeed helpful, the crucial factor was how I interacted with my respondents. By endeavouring to treat them with respect and acknowledging that they were helping me, I found that they, in turn, were open and supportive of my research. In this way, I was attempting to replicate an important element found in the critical literature discussed in Chapter 3.
4.2.3 Personal Disclosure and Reflexivity

Many of the interviewees had previously heard about my research and were interested in finding out further details. Mutual respect dictated that I should not be wary of disclosing personal information and I found it helped to relax the interviewees if I mentioned family, children and life in Australia (as a visitor), as well as some mention of academic life at ANU and how it worked. Respondents were also interested to find out about the kind of person to whom they were talking. My attendance at the 2009 WLF Annual Conference had been mentioned in one local WLF Newsletter, and some of the women I interviewed remembered my attendance there and told me they realised that I already knew a little about the organisation.

It was important that I was aware of my own effect on interviewees and how my own experiences could affect my findings. I was also conscious that the fact that I was a middle class, university educated, more than middle-aged, British woman, could affect the tone and content of the interviews. Having worked with marginalised women in urban settings in many locations helped, because it meant that I was very relaxed talking to the Borrowers and could sympathise with them, to an extent, when hearing about some of their experiences. In my research, my gender, given I was a woman interviewing women, mainly from other classes and nationalities, but, nonetheless, a woman studying a women-only organisation, made my work easier and more pleasant. I felt accepted as another woman visiting their locality. There was an inclusiveness and caring atmosphere (O'Hara, 2004) about the way I was treated and my respondents seemed to respect my role as a researcher. For example, I was taken round the area in which a Branch was situated and told the history of the Branch and the town and of the institutions with which the Coordinators liaised. I also detected no animosity on the basis of my UK accent (though I did, on occasion have trouble with the New Zealand accent and learned a number of new phrases), or my social status as a researcher. I felt that the women were honest as respondents I gave assurances over confidentiality and the fact that their comments would not get back to the WLF or be attributed directly to them.

There is also the question of how my social and demographic background, and my previous experience working with disadvantaged women, has affected my
interpretation of what I found. Of course, reflexivity is crucial in this type of research. As Warren (1988:51) emphasised, ‘fieldworkers have always been aware of the reflexive nature of knowledge’ and of ‘the dependence of the findings on the procedures used in discovering.’ I have tried to avoid the inevitable biases of interpretation, and, importantly, from the outset, as reflected in the Preface to this thesis, I have acknowledged my own lived experience and how that led me to choose to study the WLF. When interpreting my results, I constantly considered how my own background and experiences affected that interpretation, but, most importantly, I have made the reader aware of those aspects of my life that might affect that interpretation.

4.3 On Methods

4.3.1 Documentary Analysis

Before I contacted individual interviewees I undertook preliminary research about the aims and organisational structure of the WLF. I scrutinised a series of documents, Newsletters, conference notes and reports, essays and informal conversation records (with permission) about the WLF and its aims. By far the most important source was *A Guide for Setting up a Fund for Women* (hereafter *The Manual*) produced in 1998. As indicated in the Preface, this document was my original introduction to the WLF in Wellington in 2001 and, while I will deal with *The Manual* at some length in Chapter 5, the key point here is that I used it as a major source for answering my first research question: what is the organisational structure and aims of the WLF and in what ways does it aim to empower women? *The Manual* clearly outlines the aims of the WLF and, while it does not talk directly of ‘empowerment’, it discusses how the organisation aims to help women who need loans in ways which go well beyond financial assistance. The analysis of *The Manual* was a crucial starting point for my research, but two other sources were important in addressing research question one. First, I used interviews with Trustees and Coordinators who had an extended experience within the WLF, and in particular a series of interviews with Gwyneth Wright, the only Founder still active in the organisation, to explore the organisation’s aims and practices. Second, I used an unpublished manuscript, given to me by Wright, written by Josie Roberts in 2003, entitled *Wellington Women’s Loan Fund: a*
Ten Year Herstory. This covers the first decade of the WLF, although the main focus is on the Wellington Branch.

4.3.2 Making Contacts and Choosing the Branches to Study

At the WLF Annual Conference in 2009, I was able to participate, observe and meet (both formally and informally) WLF Branch Coordinators from all over New Zealand. This was invaluable when it came to building relationships with women engaged in the everyday running of the Branches and, eventually, for setting up interviews with Borrowers, Trustees and Supporters in those Branches. It eventually allowed me to gain access to documents, correspondence and Borrowers’ files. The Conference enabled me to listen to talks by the Fund’s Founders and microcredit researchers from other universities (also invited to speak on the Conference platform) and to start building relationships with WLF women.

It soon became clear to me, both from The Manual and the above Conference, that the WLF’s Branches were largely independent from each other. The independent Funds operate as small projects, set within clearly-defined communities. The money that they generate is kept within their immediate community, rather than: ‘being up to no good on the international stock exchanges’ (Wright, 1998). The WLF also promoted the idea that women can do a lot with small amounts of money, as their spending affects not only their lives, but also those of their immediate and extended families and their communities. So, the link between borrowing from the WLF and benefiting the community more broadly was clearly established in the aims of the organisation.

It was evident that I could not conduct in-depth interviews and participant observation in all Branches. This would have taken an enormous amount of time. As a result, I decided to focus on detailed case studies of two Branches, while at the same time visiting a number of others and talking to other Branch Coordinators, both at the Annual Conferences (in the end I attended four) and in other settings, explained later in the Chapter. In these Branches I interviewed Borrowers, Coordinators, Trustees and Supporters; a process described in more detail below. I was also given access (in strict confidence) to Branch documents, files, Newsletters
and correspondence. Studying these documents and correspondence helped me gain a picture of the way in which the Fund operated.

I focused the majority of my research on two Branches because I wanted to conduct extensive semi-structured interviews with Lenders and Borrowers and I had limited time and resources for my fieldwork. I chose the two Branches because they were both well-established and active. While my main research was in the two Branches, I also talked to many WLF members at the Annual Conferences and on visits to other Branches. During these discussions I was always anxious to see whether what I was finding in one Branch tallied with the experience in other Branches. Thus, while my sample of Branches was not representative, I endeavoured to identify any similarities and significant differences between the Branches I selected and other Branches. My first piece of fieldwork took place in the most active WLF Branch in the North Island (designated NI), which gave me a feel for the WLF organisational culture and how members (Borrowers and Trustees), functioned within the organisation. The second research site was one of the pioneer WLF Branches in the South Island (designated SI). I thus focused on a Branch in both islands. In addition, the Branches had differing lending policies which will become clear in subsequent chapters. In both Branches I was warmly welcomed. My visits and research were featured in the monthly or quarterly Newsletters which were sent out by post to all members of the Branch. I was also invited to events in the Branch town or surrounds, where the Coordinator or a woman involved with the WLF would take me to social events she was attending, which might be organised by another locally-based organisation. I went to a Cabaret Night and Dinner at a local pub, a weekend Pumpkin-Growing Competition, a ukulele concert and was taken to dinner with a friendly group at a local Seniors Social Club. At all these events, I talked to women who knew about the WLF.

4.3.3 Interviewing and Shadowing

I interviewed and conducted informal conversations with the Coordinators and Trustees in NI and SI, as well as with Coordinators in three further Branches. In NI and SI I also shadowed the Coordinators (see below). I also conducted extensive interviews with Borrowers in the two Branches (see Figure 4.2 for more details).
Figure 4.2: Interviews, Conversations and Shadowing in WLF Branches

| Interviews with Lenders (Branch Trustees, Coordinators, Investors, Donors, Supporters) | 28 interviews conducted between 17/10/10 and 9/11/11, 10 in NI, 10 in SI and the 8 in other Branches. |
| Conversations with Founders and Branch Coordinators | 2 with currently non-active members at 2009 Annual Conference; 3 with Gwyneth Wright, 17/3/11 8/11/12 and 3/11/14 with 5 Branch Coordinators while shadowing. |
| Interviews with Borrowers | 26 interviews conducted between 28/2/11 and 4/4/11, 16 in NI and 10 in SI. |

(i) Interviews with, and Shadowing of, Coordinators

Fund Coordinators are pivotal members of a team of Trustees. This team makes up the steering group in almost all of the Branches. Some women fulfilling the Coordinator role are volunteers, some are paid a small monthly fee and some receive a small salary. If there is payment, it is always nominal and never commensurate with the energy expended or the amount of actual work done. SI expressly pays its Coordinator in an effort to ensure vital administrative tasks are completed promptly. An efficient administrative function is important, as prospective Borrowers' requests must be answered, interviews arranged, forms despatched and repayments logged. Monthly meetings have to be scheduled and organised, physical banking done and recalcitrant re-payers chased. All Branches take this aspect of Fund organisation extremely seriously and I noticed that standards of financial recording and accounting are high. In all, I interviewed five Branch Coordinators.

I formally interviewed both the NI and SI Coordinators, taping the conversations.
However, I also talked to them less formally, attended meetings and less formal gatherings with them and shadowed them when they were visiting Borrowers (see Figure 4.2).

The Coordinators also involved me in the activities of the Branch when I was visiting. At an NI Branch Monthly Meeting (which had been timed so that I could attend), I was able to observe discussions on: prospective loans; non-payers and how they might be dealt with; ideas for publicity; the introduction of prospective ‘Angels/Donors’; and communication between attending women, whether Trustees, WLF members or other visiting observers who might become future Supporters of the Fund. I contributed when asked (or if appropriate) and made a point of thanking the women who attended for their help and support whilst I was doing my work in the town. I also shadowed Coordinators in NI and SI, visiting Borrowers (new and old). Occasionally, they allowed me to incorporate an interview of my own into the visit. These activities contributed to building and cementing relationships. Indeed, Gwenyth Wright stated at the end of my fieldwork stay in New Zealand: ‘we want to stay in regular touch with you as you are now part of our mental map!’ (personal communication, May 2011).

The formal interviews lasting about 90 minutes were very open and wide-ranging. They were conducted in the Coordinator’s own home or office (on a break or during their full time work, either paid or unpaid). I asked a series of open-ended questions related to my first research question, covering: their role and involvement in the WLF; how their Branch was organised; what they saw as the aim and role of the WLF; what they thought Borrowers gained from the WLF; how the Branch related to other Branches and the WLF as a whole; how they dealt with and related to the Borrowers; how the WLF Branch ‘fitted’ into the local community. Finally, I asked whether they could give two examples of women whose lives had been changed by the Fund and what, if anything, further their local Fund should be doing to help women. These questions allowed me to address my first and second research questions, focusing on the aims of the organisation and the Coordinators’ views of these aims and the way in which they were pursued by the Branch. As I have already indicated, their answers explored two of the major facets of relational empowerment,
community and trust, in an unprompted manner.

(ii) Interviews with Trustees/Management Committee Members/Supporters

I interviewed 15 Trustees about why they supported the Funds and what they thought their money or efforts were delivering for women in terms of empowerment (see Figure 4.2), which allowed me to address research question 2. Some WLF Supporters in the Branch towns (i.e. bank/building society managers, community workers and business owners) also gave me their views on empowerment and the outcomes they saw related to WLF lending. These interviews were usually undertaken in the respondent's own home or office. I asked the Trustees the same questions that I asked the Coordinators, but, usually, these interviews were shorter, on average around 45 minutes. The Trustees and Supporters were particularly important to my research as they were usually strongly linked into the local community, which enabled me to investigate the links between the WLF and its local community. As noted in Chapter 3, these links are important in discussions of relational empowerment.

(iii) Interviews with Borrowers

As I indicated in Chapters 2, and 3, the views of Borrowers are rarely examined in studies of MCPs in either the developing or the developed world; a major limitation in existing work. My work directly addressed this issue and I was anxious to interview as many Borrowers as I could in NI and SI. I decided (in consultation with the local Coordinators) to adopt a personal approach to the Borrowers. I obtained a list of Borrowers from the two Coordinators. I then telephoned each prospective interviewee, saying that the local Branch had authorised me to do so and naming the Branch Coordinator to demonstrate my bona-fides. I also introduced myself as: 'a researcher from Australia who was in NZ to study Borrowers' experiences of the WLF'. I interviewed all the Borrowers who agreed to see me in NI and SI.

I invited them to come 'to talk to me over coffee and a cake'. If they identified a favourite café, we met there. From my preliminary enquiries and discussions with
Coordinators, I realised that this was something many of these women were unable to afford, or would not have the time to do. As a consequence, the experience was often out of the ordinary for them. I was also aware that it might be nerve-wracking for many of them to talk with a strange, obviously foreign, interviewer. The physical arrangement of the interviews needed to put Borrowers’ minds at rest about the experience. Fortunately, I had met and listened to two of the women before, as they had given testimonials from the stage at the 2009 Annual WLF Conference, and they remembered me. This helped greatly in setting up and conducting their interviews.

I then went around carefully checking out the local cafes, having asked Branch Coordinators which café would be most suitable for each woman I wished to interview, as most of the cafes had a particular local reputation. Identification was an obvious problem and I would ensure I was in the café, writing notes, before the interviewee arrived. I told them to look for my black computer bag, which would be perched on the table, as this would be a clear means of identifying me. Once we had successfully met up, I stressed that this would be a conversational interview, from which they could withdraw at any time (Yanow, 2003). So as not to alarm the interviewees, I would mention the possibility of recording the interview at the same time as showing them the Information Sheet and Consent Form, and asking them to consider this possibility. The technical side of organising interview situations and recording interviews was more complicated than I had imagined. I gradually began to risk learning on the job and, if things went wrong with the recorder, I resorted to taking notes or asking for help from another person with the requisite technical knowledge and experience to show me how to rectify the problem. If I could not track down a designated interviewee, I did not give up, but would persevere. Some women had childcare responsibilities and could not fit anything extra into their day. One woman who lived outside the town lost her mobile phone and only found it ten minutes before she was due to meet me in a local urban centre. Another woman, who I attempted to reach four times on the phone, had been organising the funeral of a friend, at the same time as starting up a new business. She still found time to meet me and explain the value to her of the WLF loan.

Overall, I interviewed 26 Borrowers, 16 in NI and 10 in SI (see Figure 4.2). No one
refused to talk to me, but about 10% of the people I approached I could not contact. Only two women declined to be recorded; one was at work in her own shop (so interruptions were frequent and precluded recording) and the other had a child at home, who also interrupted us regularly. For both these interviews I relied on notes. If a friend, family member or colleague of the interviewee approached us mid-interview in a café setting, the recorder was switched off and recording resumed when possible, although, if necessary, we would start the interview again somewhere else. Some of the women were put at their ease when I occasionally struggled with the recorder and we would make a joke about it, calling it ‘The Monster’. It was not possible to interview all the Borrowers in my two WLF Branch sites. For example, I tried to speak to some Borrowers who had failed to make repayments, but it proved impossible to fix up interviews with them. However, problem Borrowers are few in number and, as Coordinators seldom drop contact, the loans are often eventually repaid (e-mail from NI Coordinator 2/5/2013).

I had initially hoped to find enough completely new, first time Borrowers to do initial life-history interviews and then ‘follow up’ interviews, so I could trace their changing experience of the WLF over time, but there were not enough of them to make this worthwhile. There were more ‘repeat’ Borrowers than I had expected and fewer ‘new Borrowers’ at the time I conducted my research in the two Branches. In the end I talked to all Borrowers in the Branches who were available and willing to talk to me. Informal conversations also occurred, as I would meet Borrowers, as well as Trustees, in the street after interviews and they would want to know how things were going. In addition, I was invited to social events in local pubs and clubs in the Branch towns I visited. The WLF Borrowers in the two main Branches in which I interviewed were, in broad terms, economically disadvantaged. I knew from my own experiences mentoring, training and working with marginalised women in English and Scottish cities (1993–2007) that the poor and marginalised are often feisty, even aggressive, and can be difficult to relate to, let alone interview (Clark and Heath, 2014). However, as Yunus (2003) emphasises, the poor have to be strong and develop qualities, such as determination and persistence, for daily survival.

In addition, as Coates and Silburn (1983:67) suggest, it is possible to ‘reason with
impeccable rigour about the condition of the poor’, but their situation is almost impossible to understand ‘until your own feet can feel the ache that accompanies the proud display of little John’s new shoes from the reach-me-down shop’. They continue, arguing that it is: ‘these emotional and moral consequences of being poor that are hardest to grasp for those who have never experienced such deprivations themselves, but they are at the very heart and substance of poverty’ (Coates and Silburn, 1983:67). I was particularly concerned whether Borrowers would agree to talk to a stranger about borrowing money. This is a very personal question, which relates to self-esteem/shame/fear. I had to be conscious of these issues, although here my work experience helped in that I had previous experience communicating with women from most walks of life, minority ethnic backgrounds and income levels.

Even though interviewing Borrowers was time-consuming and more difficult than just interviewing Coordinators, Trustees and Donors, it gave a number of seldom-heard people voice. As it turned out, I had few problems in arranging interviews and, in my view, the interviews were open and informative. Sometimes it was hard to stop women talking or they had concentrated so much on the interview that a carefully chosen cake remained un-eaten. As far as possible, I was able to structure time in between interviews, so I did not have to hurry interviewees out of the interview situation. It was important that the surrounding structure of the interview should be supportive and hopefully empowering.

My questions to Borrowers varied according to the circumstances of the individual Borrower and her responses to the questions. However, I always began by asking for demographic information, on age, marital status and education, and personal information, on employment-status, income and housing-status. I then covered a series of issues in open-ended questions, dealing with:

- the participants’ view of the WLF and their interactions with the Coordinator/ Trustees;
- the participants’ perceptions of what they had learnt as a result of being active in the group;
- the key changes in their lives that had occurred recently;
- whether the women believed any of these changes were
related to their membership of the WLF; and

- their involvement in broader community life.

Exploring these issues allowed me to address my research questions three and four, given the Borrowers’ responses dealt with their experience of how the WLF worked and what they gained from it and, more specifically with their experience of trust within the WLF and the links between the WLF and the local community. These are issues at the core of relational empowerment, as noted in Chapter 3. The interviews also allowed me to explore any differences between the Lenders and the Borrowers concerning the operation of the WLF, in particular in relation to the issue of empowerment, and the specific value of the concept of relational empowerment.

4.3.4 Participant Observation

The trust that was afforded to me, as discussed above, allowed me to engage in some participant observation. At the same time, the fact that I had chosen participant observation as one of my research methods undoubtedly helped me integrate with women in the Branches (and the communities within which they were located). Crucially, the presence of inter-personal respect between the women I was working with flowed out to include me and enabled me to understand its importance in building honest relationships.

As Warren (1988) warns, I was aware that ‘gender norms within the chosen setting’ would shape my ‘entrée and research relationships’ and, as a fieldworker, I would have to make decisions about the degree to which, and the ways in which, I would conform to local expectations. I soon realised I was being treated as a guest as well as a working researcher, but never felt that the two identities clashed, rather the fact that I was viewed positively as a guest seemed to make people more willing to talk to me.

As an example of the utility of my participant observation, I took part in the preparation and distribution of a quarterly Newsletter at one Branch with a group of WLF members. The process was steered by a leading member of the Branch Committee of Trustees, who I had informally labelled as the de-facto ‘Coordinator’.

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I volunteered to help by typing out some of the copy as there was a deadline approaching. The front page of the issue was about my visit and the nature of my research. In order for me to do this, we had to find a working internet connection (not always easy in some small NZ towns at weekends). I also explained, to encourage those who might help, that this task related to the production of the current WLF Newsletter. Once this was made clear, I was invited to use a computer belonging to a family in a house adjacent to where I was staying. They were very generous in providing me with directions in how to use their machine - as it was temperamental - and they also gave me refreshments. The Newsletter was prepared by one of the Branch’s administrative volunteers – proficient in Desktop Publishing - and the copy put on a memory stick. The copy was then found, by the Branch Coordinator, to need formatting and she spent the next few hours rushing around town, finally getting this organised through a contact at the local secondary school.

Two women volunteered to handle the final step in production of the Newsletter. One was a WLF Trustee (who came into the communal office at lunch-time from her professional day job) and the other was a new recruit who had been at the monthly meeting mentioned above, which I had attended as an observer. The two went down together, with a ream of photocopying paper, to the offices of the local MP who regularly sponsored photocopying for the community sector. There they arranged for approximately 150 copies of the finished Newsletter to be produced. Meanwhile, the rest of the volunteering group chatted and waited for them to return. The local de-facto Coordinator’s persuasive powers had secured free postage for the Newsletter’s distribution.

Occasions such as this provided me with an informal and revealing picture of how the local WLF fitted into, and used, its local community by providing positive (volunteering) role models and using reciprocal local networks of services. I also learned that the level of commitment was high and it was impressive that women would arrange to leave their day jobs, and miss lunch, to take part in such an activity. Because I was physically working with them, I was in a position to chat to a remaining group of women who had volunteered to help with the process of folding, checking, addressing and stuffing the completed Newsletter into envelopes. As we
worked together, they talked about the contents of the Newsletter and the achievements of the addressees over the years or months that they had been members or supporters of the WLF Branch. There was an uplifting atmosphere which was enhanced by the fact that they could see I was interested and constantly learning about the organisation. Shadowing the Branch Coordinators' out on the road also allowed me to see how their work for their WLF Branch fitted in with many other calls on their time in the community. In this way, I was able to gauge the extent to which these women were involved in creating a community. They were working voluntarily for their Branches, but it was being done in a community that knew them well (often in a professional capacity) and their work spanned a number of community-based organisations. Without this participant observation, it would be difficult to see how these discrete activities all meshed together in what I christened a 'quilt of connections', including Transition Towns Initiatives, Community Gardens, Budget Advice Services, WINZ (from early 2011 renamed Community Link), Community Trusts and self-employed Barefoot Accountants.

In an important sense, all the time I spent in the Branches, when I wasn't interviewing, was a form of participant observation. It allowed me to become involved and to learn. Through this I glimpsed another, less formal, view of how the Branches worked and how the WLF fitted into the local community. In this way, my own experiences reinforced the value of the concept of relational empowerment and the role that community plays in that process.

4.4 Research Workbook

I also kept a daily Research Workbook, which, as well as diary/descriptive type notes and information, also included my thoughts, feelings, reservations, uncertainties, shortcomings, breakthroughs and triumphs over the three months of fieldwork. I wrote this up each evening and, as well as noting reactions, feelings and ideas for improvement in my practice, as it related to my methods, tried to provide myself with signposts which would enable me to pinpoint specific information relating to empowerment at a later date. I also kept 'top up the tape' notes of interviewees' comments made after the tape-recorder was turned off, or points which might clarify what was on the tape. These were sometimes made in my Research Workbook, in a
special mini-notebook, or, occasionally (so as to catch the moment), on the back of
the interviewee's Consent Form. The most interesting comments or summings-up
were sometimes made after the recorded interview had finished. My PhD colleagues
at ANU had warned me this might be so, but I was surprised when it first happened
and I was caught without writing materials immediately to hand. I logged the
atmosphere and feelings permeating an interview in the Research Workbook, if I felt
that it would be relevant when I came to interpret the interview. Two examples will
illustrate this point. One interviewee, as a member of a proud local minority
community, was instantly known in the café where we met. I could sense that she
was a wise, respected (and very likely feared) woman and, although I had met her
before, I was extra-careful to show respect, remind her of our previous meeting,
when I had been genuinely impressed by her, hopefully gaining her confidence
(interview, 11/3/2011). Noting in my Workbook her reception in the café added
significantly to my understanding of the interview, because it provided the context of
the conversation when I came to analyse it.

I may have been over-enthusiastic when another interviewee arrived fully covered,
except for her face ('covering gives me a way of being in the world') and announced
that she had become a Muslim two weeks before our meeting. She told me she had
been concerned how I would react to her appearing as a covered woman. I explained
my reaction by telling her that, to my mind, her presence would add to the diversity
of the local, small town, community (her being a white convert to Islam) and I could
only see that as a positive thing. She was not so sure about my view, but told me that
her self-esteem and outlook on life had improved immeasurably as a result of the
lead-up to, and adoption of, her new faith (interview, 14/3/2011). Again, noting that
she was covered, and her and others' reaction to that, added to my understanding of
her interview and viewpoint. She told me she had suffered from a 'lack of self-
respect' for years and felt that covering would stop people judging her and that Islam
would give her daughter a solid foundation: 'for her own self-preservation (...) so
she could do well in life'. Essentially, she said she was now: 'the happiest she had
ever been.' However, she also acknowledged that the encouragement and help she
had received from her WLF Branch prior to her adoption of Islam had also made her
feel 'good' and 'proud' and the knowledge that by paying her loan back she was
helping other women was a very important factor for her.

My Research Workbook was a useful addition because it allowed me to note down things which happened outside the formal interviews, usually on the same day. In addition, it allowed me to record non-verbal aspects of an interview. All this helped me in interpreting the interviews and their overall atmosphere later in the research process.

4.4.1 Interview Analysis

An important element of my interview analysis was the inspiration and practical help I got from the work of Carolyn Hendriks, particularly ‘Praxis Stories” (2007). Her willingness to share in detail various personal experiences while doing research on an ‘interpretive project’ was a revelation. Above all, she noted the intensity of this type of research experience, the variety of ‘nuanced’ and ‘dynamic’ skills and ‘fundamental attributes’ required for it (Hendriks 2007:293-4) and how she discovered: ‘that fieldwork can....be psychologically and physically demanding” (Hendriks, 2007:293-4). This description of the process of research in the field enabled me to connect my pre-fieldwork ideas with actual conversations and interviews which I had taped and eventually produced in transcript form. As Hendricks (2007:285) noted, in her experience: ‘The themes and issues I had been exploring in my own head were now part of a series of conversations. Suddenly my project felt alive.’

Practically, I am indebted to her for the idea of creating ‘Summary Sheets’ (Hendriks, 2007:287) as a way of working with interview transcriptions. Unlike her, I transcribed my interviews verbatim, but the Summary Sheet overview sheets I produced after the interviews, which outlined what Hendriks calls ‘the flow and content of each conversation’ and the general themes covered, helped me to winnow copious amount of material when it came to the analysis.

Seidman (2006:125) also writes about ‘making and analysing thematic connections’ and the importance of acknowledging the exercise of judgement. He cites Marshall (1981) who argues that this ‘may be the most important ingredient the researcher
brings to the study (quoted in Seidman, 2006: 118). Seidman (2006:118) emphasises that for some researchers: 'judgement depends on the researcher's experience both in the past, in general and in working with and internalising the interview material'.

This certainly chimed with my research experience, as did Hendriks' (2007:287) related point about memory: 'I was able to mentally recall most interviews in astounding detail'. I realised as I began writing this thesis how much I used my memory during the interview editing process and how reliable was my recall of the interview and the context within which it was conducted.

**Conclusion**

This Chapter has outlined the methodology and methods I used to address my research questions. As should be clear, I used a variety of methods, all reflecting a qualitative methodology. My aim was to explore my respondents' experiences of the WLF. I always attempted to put my respondents at ease and to be reflexive in both my research practice and the interpretation of my findings. The next four Chapters report these findings. In these Chapters, I look first at the organisation and its philosophy, aims and practices, thus addressing research question 1. Subsequently, I examine the views of the WLF Coordinators, Management Committee members, Donors and Supporters about both the organisation and its practice and empowerment, thus addressing my second research question. The third Chapter then turns to the views of the Borrowers about the organisation and its practice, and how it seeks to empower, addressing questions 3 and 4. These three Chapters allow me to raise questions about the differences between the organisation's aims/philosophy and the views of both Lenders and Borrowers about its practices, so more fully addressing the fourth research question. I focus on the more general questions about the utility of the relational empowerment concept and the development of more adequate indicators of empowerment in Chapter 8.
Chapter 5. The WLF: Its Philosophy and Structure

This Chapter examines the structure and philosophy of the WLF in order to address my first research question: What are the organisational structure and aims of the WLF? The Chapter is divided into two sections. The first deals with the broad philosophy of the organisation, focusing particularly on The Manual, developed to give a direction to the organisation, before turning to the views of the key Founder, Gwenyth Wright. Subsequently, the second section focuses on the way the WLF is organised and structured. This Chapter provides a crucial frame for the three Chapters which follow. As we shall see, the WLF is an organisation which is crucially shaped by its philosophy, and indeed to an extent by Gwenyth Wright, and without understanding that philosophy it is difficult to appreciate how the organisation functions. At the same time, this philosophy has shaped the structure of the organisation, which in turn has affected the way in which it operates and thus the ways in which it seeks to empower women. The following Chapters then examine the extent to which the WLF’s philosophy and its organisational structure works out in practice, from the perspective of both Lenders and Borrowers, focusing particularly on the extent to which it empowers women.

5.1 The Philosophy of the Organisation

I begin with a brief consideration of the philosophy of the WLF, before focusing on The Manual and its status within the organisation. Then, I specifically consider the views of Gwenyth Wright, the only Founder, of three, who remains an active participant and a woman whose vision has clearly shaped – and continues to shape - the WLF. This is followed by a brief section on an alternative vision, offered by another of the Founders, but, in effect, rejected by the organisation; given that seeing what was rejected also helps us understand what was adopted. Finally, I outline the five key aims of the WLF, which clearly reflect this philosophy.

5.1.1 An Overview of the WLF Philosophy

The founding of The Women’s Loan Fund in 1992 in Wellington, was based on a philosophy of using microcredit to help the personal development of women. It was
set up to give small loans to women and to be run by women for women. The WLF defines microcredit as access for all women to credit at no interest, but the Fund also offers support and guidance to women with no collateral, unable to get credit, appropriate guidance or a supportive lending structure from other sources. In 1998, this foundational format was detailed and consolidated in The Manual, which is dealt with at more length below.

At the core of the WLF is a recognition that structured inequality exists and a commitment to empowering women. For the WLF, this involves more than just lending women money. The Manual and other WLF documents all identified reciprocity, solidarity and a sense of community as important social values which enable women to feel secure and therefore empowered as individual Borrowers and (whether they were aware of this or not) as members of a wider WLF ‘family’. There is also a focus on informality, simplicity and flexibility which differentiated the WLF from most mainstream lenders in the developed world.

According to Collins (New Zealand Herald, 3/9/97), the WLF was not formed primarily to give women money to go into business or self-employment, as is common with other microcredit projects worldwide (see Chapter 2), but to meet women’s broader needs and encourage them to take other non-financial steps towards supporting themselves and their families in a difficult, even unfair, world.

To underline this point, The Manual urges those who might start ‘A Fund for Women’ to: ‘draw attention to women’s poverty and the deprivation of families caused by economic policy that ignores the social consequences of the ‘free-market’ ideology’ (1998: unpaginated). In addition, The Manual argues that the WLF practices people-centred economic development and that through links with local organisations can foster a sense of community, not just individual, empowerment. The Manual does not define these terms and one of my aims is to examine the WLF’s operation to see if, and how, they empower women. This will show that the WLF view of empowerment goes well beyond the almost exclusive focus on economic empowerment to be found in most MCPs, as we saw in Chapter 2.

Particular Newsletters and informational pamphlets produced by then WLF
Headquarters in Wellington, spell out the three WLF Co-Founders’ herstories and their vision to inspire and empower women and acknowledge their lived experience (Wellington WLF Newsletters, 2001/2). This writing recognises the way in which many disadvantaged women cope without permanent work, through budgeting their limited money. For instance, a woman might be a refugee, newly arrived in the country. In 1995, Auckland set up a Fund for newly arrived immigrants (of both sexes) as well as a Fund solely for women (Roberts, 2003:22). Such women might not need money, but simply some nurturing, advice, ‘sympathetic understanding’, or a friendly helping hand. Here, there is a broader vision of how microcredit might be applicable to women’s lives; the focus is not just on lending money. In this way, the WLF philosophy was carefully crafted to fit with an awareness of the commitments and specificity of women’s lives. The ideas and suggested practice contained in *The Manual* provided inspiration for Trustees, on setting up outlying Branches and sketched out a process of empowerment for prospective Borrowers. Consequently, the WLF model aims to provide a powerful empowerment incubator for women. *The Manual* is not a directive however, as Trustees may operate freely within the spirit of the organisation, a point returned to in the second section of this chapter.

Information and practical assistance is also given freely within the organisation. During a fieldwork visit (20/2/2011), I attended an inter-Branch Support Meeting which concentrated on practical problems, including finding a simple cash management system and how to chase late-payers. Visiting Trustees offered information and promised prompt further help, based on their own experiences and practice. There was an important emotional undercurrent in both the discussion and the attempted resolution of these practical concerns. A founding Trustee from a ‘busy’ Branch described her view of the ethos of the WLF: ‘women feeling moved to assist other women to get on with things - by sharing with those women their own life experiences’ (private conversation, 20/2/2011). This was also a common occurrence within Branches in my fieldwork, with the more experienced members assisting and reassuring newcomers and following up after meeting them.

Glen Saunders (2006:4), having briefly researched two established WLF Branches, in compiling a Report for the NZ Tindall Trust on ‘the possible expansion and
sustainability of New Zealand's ethical investment funds' classifies the WLF as operating with an individual, rather than an economic development model of microcredit, when compared to other NZ microcredit funds, thus evoking Mayoux's (2002a) distinction.

Saunders (2006:6) also emphasises that the individual WLF Branches are: 'active in raising gifts and soft loans in their localities, the idea being that they recycle money from women to help women.' This, he argues: 'could be developed to provide a form of sustainability in the longer term'. The two WLF Branches featured in the report still operate, but a crucial point which Sanders stresses is that the WLF is content to simply remain solvent, and keep to their principle of lending to women at no interest. The WLF is not based on a pursuit of growth, expansion and profit. Any growth is small, with a Fund growing as a Borrower repays or a new Lender/Angel comes on board. The key point here is that they are not interested in scaling-up, an important issue discussed in Chapter 3.

For many mainstream credit providers this is a difficult principle to comprehend. As one WLF Supporter, from a bank/building society which holds WLF local Branch accounts, explained (interview 29/3/2011):

I always remember one of the lawyers who was involved with this Fund years ago...and it always amazed her...how can you give money out in loans and you end up with more money at the end of the day with people repaying? She couldn't understand how the concept worked. But, of course, with the Loan Fund, it's just people repaying the money over a length of time. Sometimes they overpay; sometimes they become donors; it does just grow. And the only way it can do that is to have quality lending, of course, you can't...give a loan to someone who doesn't have the ability to repay...so that's a very important factor. But, otherwise it seems to work pretty well.
This shows an awareness, understanding and endorsement of the Fund’s alternative economic practice from someone within the mainstream banking system, but this view is not common.

The evidence I gathered during my New Zealand fieldwork shows members continue to draw upon this underpinning philosophy. As one large city Trustee, put it: ‘(The WLF is) a philosophy not a business’ (at the above mentioned inter-Branch support meeting, 20/2/11). A long-serving, small town Trustee (interview 3/3/2011) was outspoken on the subject of the tension between the approaches of the WLF and mainstream lenders:

I think it’s silly, but, you know, that it should be so! It’s absurd that there should be this difference – that there’s the business model and then there’s (this supposed) ‘airy fairy’ model (...) we’re forgetting that we’re human beings; we should be incorporating both.

In his appraisal of NZ ethical funds, Saunders (2006:4) suggests that women who approach the WLF may simply: ‘need a more sympathetic understanding of what they are doing.’ For these women he contends: ‘the services provided by the funds are essential and wider adoption of them throughout New Zealand would be highly beneficial’ (Sanders, 2006:4). In doing so, Sanders acknowledges the social return, rather than a financial return, in terms of interest on money invested, that the WLF makes to Lenders. It is accepted by Lenders as a valid return, although they are informed they can get their money back at any stage, just by making a phone call.

Essentially, the WLF is an Angel Fund\textsuperscript{5}. Donors or Investors, also known as ‘Angels’, donate money for others to use, not expecting any interest. In Gwenyth Wright’s terms, the WLF Branches constitute: ‘lots of small local Money-Go-Rounds’ (private conversation, 8/11/2012). Initially, Donors supply the needs of women Borrowers who, over 12 months (or, by negotiation, sometimes longer),

\footnote{\textsuperscript{5} The organisation is often still known as The Angel Fund in the South Island. One Branch Coordinator I observed used “Angel Fund” when answering the phone. The name comes from the Broadway ‘Angels’ who funded theatre productions. This is explained in \textit{The Manual}.}
repay their loans. Once they have repaid they may continue paying in and thus become savers (as *The Manual* suggests). The Funds thus generated provide money to be loaned to other women; the money constantly circulates. Donors may also choose to give money for a specific purpose (e.g. administration - interview with Donor, 18/10/2010).

This concept of ‘women helping women’ is explained by two Branch Trustees at an initial interview with potential Borrowers, and is also outlined in a simple *Memorandum for Borrowers*, which is included among the forms for Branches to use in *The Manual*. Here, the point is to give the prospective Borrower a positive initial interview experience, even if not all of them fully understand the Money-Go-Round concept and most are unable to look beyond their, often desperate, need for money and easily forget information given them at this stage.

In theory, ‘anyone can be an “Angel”; men, women or children’ (*NZ Dominion Post*, 28/3/2001). Indeed, two male Donors contributed during the WLF’s early days in Wellington, but it is rare. However, the possibility of lending to men has caused some disagreement among members. For example, one Branch Coordinator was approached for a loan by a young single man with children. She was happy to consider lending to him, but put it to her Monthly Trustees’ Meeting first, where she was overruled (private conversation 13/3/2011). This again reflects the WLF philosophy that it is concerned with lending to women.

Asked if she thought men should be lent money through the WLF, another Branch Trustee retorted (interview 13/3/2011):

> I feel extremely strongly against it. We gave one loan to a man and I opposed it. I’m against giving men loans. This is my thinking for it. First of all we sell (ourselves), you know, ‘by women for women’, when we sell it to our investors. And the second point has to do with women as the caretakers of the family and women are the ones that are in poverty. When the divorce happens, women and children are the ones
that are in poverty. And, if you’re a man and you need money, I’m sorry, just get up off your ass and get your own thing going. Women, on the other hand, it’s a lot harder when you have three kids to feed and you have to meet all of their needs. I’m strongly about supporting only women.

Currently the WLF does not lend to men. Rather, they suggest other possibilities to men. For example, one Branch Trustee mentioned that she was approached for a loan by a man, but he was helped to get a loan from his Church (interview, 23/2/11) Similarly, a Branch Coordinator, who describes herself as ‘a philanthropist’, explained her position: ‘I help a lot of men, but not through the Women’s Loan Fund’.

The WLF operates with an alternative, low-scale, model of microcredit, or as Gwenyth Wright put it: ‘the Women’s Loan Fund just goes on being gently subversive’ (Annual Conference Workshop, 15/5/09). As the Community Economies Collective (CEC) argues (http://www.communityeconomies.org, accessed 21/1/2012): ‘the multiple ways in which people are making economies of difference and in the process people are once again beginning to realise their interdependence with others.’ CEC argues that it is crucial to recognise that there are diverse types of economy and that in many countries economies are being re-socialised. They liken the nature of the Economy to an iceberg and continue:

what we usually think of as The Economy is the part above the water line (wage labour, produce for a market in a capitalist firm) and below the water line exists a hidden world of economic diversity (e.g. economic activity which is unpaid, within families, gifted, between friends, self-employment, barter, consumer and producer co-operatives, non-capitalist firms (quoted in Gibson-Graham, 2006:70).

Another feature of the WLF’s broad philosophy, described in The Manual, and
practiced at initial interview with prospective Borrowers, provides a crucial backing for the empowerment process. As McAndrew (2011:355) puts it when writing about the importance of respect, a crucial aspect of relational empowerment:

Respect for ourselves, for others and for nature is fundamental to survival because it is what gives us a sense of our own place in the world and, when we lose that, we float free of the very network of relationships that sustains us (...). What does respect really mean in the 21st century? I believe that in this time of increasing volatility and uncertainty it has a new resonance and a deeper meaning: that we can acknowledge and consider the needs of others, without losing sight of our own.

One Coordinator (interview 21/2/11) emphasised that, within the WLF, there is a constant emphasis on building friendly and respectful relationships with Borrowers, reflected by always having two Trustees at the initial interviews, because Borrowers might find a one-to-one intimidating.

When I mentioned to a founding Branch Trustee that I had noticed the word ‘friendship’ in the WLF documentation and found it unusual to see that word used in connection with loans or financial matters, she explained ‘the vision’ she and her fellow Trustees try to present to Borrowers:

And I think we try when we interview them and carry on afterwards contacting them, I think we try really hard to be aware that friendship is the highest level of the thing (...). And money afterwards, but friendship most (interview, 1/4/2011).

Another Trustee also described the general attitude towards borrowers at her Branch (interview 1/4/2011):

So, from the initial contact they have with the (WLF)
there’s got to be an aspect of compassion and kindness. And interest, curiosity in them to find out, you know, so that they feel listened to, met and heard. And so that kind of philosophy follows them throughout the whole process.

The WLF, therefore, focuses on being approachable, welcoming and non-judgmental in its operating style, ensuring ‘comfortable’ interviews set up by women for women and having as its overall goal a wish ‘to lend money for women’s own purposes’ (interview with Trustee, 21/2/11). As we saw in Chapter 3, respect and trust are crucial aspects of relational empowerment.

As an attendee at four Annual WLF Conferences (in 2009, 2010, 2012 and 2014), I observed and recorded an atmosphere of trust and respect between women. There was a clear sense that all women attending and contributing were important members of the organisation and that their presence was valued. Individual Borrowers were invited to give testimonials about their experiences with the Fund or talk about the progress of their small enterprises (these are discussed in the Chapter 7 which deals with the Borrowers). I was welcomed as a woman, a researcher, later as a returning friend, and also as someone who, by shining a light on the organisation and giving women working within it attention, was helping to validate ongoing efforts. I was also told, informally, that all community organisations should have their own ‘researcher’, as it enhanced communication between Branches and between women within the Branches (2012 Annual Conference Notebook).

While none of this is direct evidence that women, both Lenders and Borrowers, were empowered by membership of the WLF or by attendance at the Conferences, I observed abundant evidence of the respect and trust between members, which, as we saw in Chapter 3, is at the core of relational empowerment. This atmosphere is enshrined in the philosophy and aims of the organisation.

5.1.2 *The Manual and its Importance*

*A Guide to The Women’s Loan Fund, Angel Fund/Wahine Putea - A Manual for*
Groups setting up a Fund for Women (The Manual) was produced in 1998 by a group of Wellington women associated with the WLF. Spelling out the tenets of the organisation provided a reference document for those running the Branches. They could see where the underlying philosophy came from and use it as guidance for their own local Branch operation.

Mission statements are common nowadays, but The Manual does provide a set of values which shape the way in which the WLF operates. It is not considered mandatory to follow every maxim it contains, but it does outline the overarching ethos of the organisation, as formulated by its Founders and initial Supporters. According to one Trustee involved in the original Wellington Branch, it was a document produced based on contributions from the Wellington group, but written up by Gwenyth Wright, who was a journalist, and laid out the WLF’s guiding principles in simple language (interview with Trustee who was a member of the group which produced The Manual, 7/4/2011).

The Manual contains seven simple Chapters of Guidance on philosophy and practice for setting up a Fund for Women and its concerns, and its suggestions for practice, are the antithesis of that epitomised by the mainstream banking and general lending sector. Its focus is on improving the lives and status of women, rather than a search for constant growth and profits. In this vein, addressing the 2005 Annual WLF Conference, Gwenyth Wright emphasised the necessity of moving towards an alternative economic model: ‘Money exists, we believe, to serve people. People should never be victims of the money system’. She also emphasised that the way forward involved acting locally: ‘Money is to be shared around the immediate community and not be up to no good on the international markets’ (Wright, 2005, unpaginated).

The Manual outlines a vision and specific values, relating to women’s individual and collective aspirations. The section ‘Our Charter’ emphasises: ‘a belief in helping each other with the resources available to us, and by doing so, to change the society we live in.’ It stresses that the WLF is concerned to: build community (within the organisation and in the wider local sense); meet ‘needs that cannot be met through the commercial banking system’; instil hope of future possible ‘financial freedom’
(see Section 7, ‘A Brief History’, unpaginated); and provide an alternative, co-operative model based on sharing local resources for the benefit of all Members. This corresponds with what Christens (2012:123) calls ‘empowering community settings.’

Above all, the aim, constantly reiterated in The Manual, is to empower women by providing a Fund fashioned particularly for their needs and encouraging them, by becoming involved with it, to start thinking about money in new ways. The form of microcredit the WLF operates is seen as an enabler, not a ‘solution’ in itself, as it is often with the models which stress economic development considered in Chapter 3. The Manual sees microcredit as providing access to new openings and new mindsets, which can be built upon. It is an entry or starting point and, as such, brings an inbuilt sense of hope to vulnerable women whose lives may be in turmoil (Mallainathan and Shafer, 2013:176).

The Manual begins with an ‘Overview’ which describes the nature of a women’s loan fund and its essence: no interest is charged to borrowers or given to donors; it is for women who otherwise would have ‘no access to affordable credit’; and is run by women for women only. Membership ‘involves a commitment to women helping women and to the wider vision of community’. There is also a Charter, a Vision Statement and a section on the values behind New Zealand’s Treaty of Waitangi.

Subsequently, there is a consideration of the necessary steps to be taken when starting a Fund, an explanation of where the money for loans comes from, the type of loans that should be considered, the risks involved and how to mitigate them. How to manage such a Fund is described clearly, with details of: the easiest type of legal entity to use; how to keep necessary, but simple, financial records and registrations; the need to have two bank accounts - a Revolving Fund/Loans Bank Account and a Bank Account for Administration; and the need for ‘a Prudent Reserve’ to ‘underwrite Angel Money out on loan’. There is a section on ‘Where to find the help you need’ and another on the putative links between individual Funds.

The ‘Duties and Responsibilities of Office Holders’ are also spelled out. This is an area where the different Branches make their own arrangements, based on the legal entity they have chosen. Early on, the SI Branch decided it was important to employ
a Coordinator to ensure that calls and requests for information were answered and the
necessary administrative work kept up to date (telephone interview with Founding
Trustee, 26/3/2011). Two Branches I visited employed their Coordinators on a part-
time basis for approximately 13 hours per month, even though both women did a lot
more. One of these two Coordinators is not a Trustee, while the other is a member of
a Management Committee, as her Branch is constituted as an Incorporated Society.

The Manual then outlines the different types of loan available for women and the
policy on ‘Business, Training and Education and Miscellaneous loans’. The latter
section includes a pointer on how ‘Friendship and Encouragement’ often ‘give
women support enough to begin the process of taking charge of their lives’ and how
risk of default can be ‘reduced by keeping in touch with the borrower who, by virtue
of her borrowing, has become a member of the group of women helping women.’ It
is also suggested that Borrower Members: ‘with a recurring need for extra money
may be assisted by opening a savings account with the Fund’. In this context,
Gwenyth Wright spoke, in a group discussion at the 2009 Annual Conference, about
the importance of ‘beneficiaries becoming contributors almost immediately’ and of
them ‘making savings so they can be benefactors too’ (Annual Conference
Notebook, 2009, my italics). This is something all Branches I visited actively
encouraged and it is an aspect that critics of money-only microcredit schemes have
found to be important for low income women, as we saw in Chapter 2; facilities for
saving should be offered alongside the provision of credit (see Hulme and Mosely,
1998). There is an appreciation that women can be burdened, not helped, by
excessive debt and this must be recognised and guarded against: ‘We don’t want to
subsidise them in their poverty. Poverty hides itself away – we want them to move
on’ (Wright speaking at a Branch support meeting discussion 20/2/2011).

The next section of The Manual clarifies the roles of office holders that a fund needs
in order to function. In line with the philosophy in The Manual, Angels/Investors/Donors, Supporters and Borrowers are designated Members,
though only Borrowers are asked to pay a (nominal) Membership Subscription on
joining the group. Guidance and examples are also given on producing simple
application and contract forms and certificates. A section entitled ‘How to become an
Angel' then describes what a woman can do with a small loan and demonstrates that Angels who give money are investing in people:

a woman can start a money-making enterprise or send a child on a school trip, pay for dental treatment, embark upon a course of study or begin the slow pull back from overwhelming debt.

This is followed by a section called ‘A Concept of Banking’, which includes a paragraph on the importance of trust: ‘the essence of each loan contract, as in all human relationships, is trust.’ Next, there is a section on the nature of ethical investment and an attached article, ‘Loan Fund puts Money Where Mouths Are’, written by Simon Collins for the New Zealand Herald on the WLF’s 5th birthday in 1997. He highlights that, for Borrowers, WLF loans are often ‘desperately needed to sustain (their) businesses’, but can also ‘be used to take the first steps into paid work.’ Finally, ‘A Brief History’ emphasises that the idea of a ‘women’s bank’ was not new in New Zealand: ‘but none of these earlier attempts had made money readily available to women for the many and varied needs that could not be met through the commercial banking system’. The WLF prides itself on its ability to be self-sufficient, given that, as a founding Trustee argues, this is: ‘something it also wants for its Borrowers’ (interview 23/3/2011).

From my experiences of attending regular Annual Conferences and WLF meetings and listening to concerns and suggestions from women about how the Fund should operate, I gradually realised that there is no directive voice keeping Branch operations in line. This is why The Manual provides a general guide. It is the only source available for the organisation’s volunteers, if they think they need guidance or suitable models of practice and behaviour.

The ‘Network Section’ of The Manual then suggests ‘a proposed Federation of Women’s Loan Funds (which) will provide still greater security’, given that, ‘since the first WLF was set up in 1992, 15 other Funds have developed in response to women’s need for a credit facility of their own’. The section suggests that: ‘a new fund will be ready to join any Network when: it has the correct officers to take
responsibility for its running; a reserve to back the money out on loan and a body of members to support it.' However, subsequently, there is the warning:

If your Fund has a name that identifies it as one of this group of funds, your executive committee will be expected to follow the philosophy of the Women’s Loan Fund movement and to meet the standard of management laid down for members of the Network or the (proposed) Federation.

In a paper written for the 2009 Annual Conference, Wright updated everyone on the putative formation of a WLF Federation (Wright, 2009): ‘The separate funds have resisted the idea of forming a Federation of Women’s Loan Funds, preferring to remain a loose association of autonomous entities.’ She then described the valuable Annual Conference process and the challenge of operating with few resources:

Each Fund serves its community in its own way, coming together for an exchange of experiences and discussion of difficulties – not least of which is the challenge of operating at a professional level in a voluntary organisation on a shoestring budget (Wright, 2009 Annual Conference Handout).

Apart from the plea for a certain uniformity of outlook, the rest of The Manual offers non-mandatory suggestions. The WLF’s aim was to enable women to step out of present circumstances and act for themselves, in ways that made sense to them. Hence, Gwennyth Wright developed a mantra for the treatment of women wanting to borrow; a mantra she reiterated both on a number of platforms and in my interviews and conversations with her: 1. Do not judge; 2. Walk alongside women (and find out what they want); 3. Do not play Lady Bountiful.

The Manual emphasised that the WLF exists to help women’s personal development, but in a social and community context. It also recognises the disadvantages that
many women face and the need to help them overcome them. It suggests that this can only be achieved by showing Borrowers trust and respect. Thus, The Manual stresses trust, community and transformative power, three concepts identified by Christens (2012) as at the very core of relational empowerment.

5.1.3 Gwenyth Wright’s Vision

Gwenyth Wright worked at the Wellington HQ until she retired in 2002 and helped rejuvenate a WLF Branch (NI), which took off once she was resident in the area. Wellington closed a few years after she left and this suggests how important it can be to have the knowledge and passion of a Founder in residence. However, as we shall see in the next two Chapters others have taken on her vision.

Wright has kept to her vision of the WLF. However, she felt that the translation of this vision had not proved overly successful. Her vision of microcredit downplays the importance of purely economic development. For her, money is only one part of the whole. She believes in the importance of speaking to individual women and finding out what they actually need (‘We are a responding organisation.’) She also spoke self-critically in this interview (17/10/2010), saying that she thinks she might have failed to spread her vision effectively to others:

Where I feel that I failed is my vision – and you can tell me whether you think that is right – that my vision did not translate very well. And I’m reminding people all the time that you don’t judge your borrowers, you don’t play Lady Bountiful, you walk beside them as a friend and all those things that I have been putting into it all the time. When that doesn’t happen and the business women take charge of it or the little men, the middle class people who like to have something to dispense.

Wright still envisages the WLF as contributing to ‘community building – or rebuilding in our scattered world’ (Wright, email 20/5/11) and has been consistent about the importance of promoting inclusiveness:
The WLF intended from the start to be a community of women helping women — not the ‘haves’ handing something down to the ‘have-nots.’ It is quite a challenge to change the perception some women have of us (interview 17/10/2010).

She elaborated on her idea of ‘community’, which envisages a flatter structure and is an attempt to address social inequity:

Yes, yes, I think that’s what the WLF is about (laughs). I think it’s about community. How, else do you have that sort of equality of status, which I call the horizontal cooperation, not the vertical (interview 17/10/2010).

This vision and its stress on community echoes Chang and Bateman’s (2012:27) warning about microcredit, if its focus is only on economic development:

that community solidarity, trust, volunteerism, equality, co-operation and goodwill are intimately and positively linked to the wider issue of ‘community liveability’ (e.g. Zamagni and Zamagni, 2010). But, as many have argued (Leys, 2001) whenever community development and poverty reduction activities are constituted as commercial operations, this quite dramatically increases the likelihood that such important outcomes for society are undermined.

5.1.4 An Alternative View from Another Founder

Not everyone agreed with Gwethy’s initial vision outlined in The Manual. Another of the WLFs’ Co-Founders, Frances Denz, had been infuriated in 1992 by being asked by a bank for a male loan-guarantor, despite having her own employment contract. In this context, she agreed with the other Co-Founders that the WLF should aim to improve the lot of women. However, she writes:
In truth my vision was different from those of (Co-Founders) Gweneyth Wright and Barbara Lewis. I wanted a bank for women by women that would grow and develop a woman’s wealth and opportunities (and) I was the only person on the committee who felt that way. The rest wanted small local loan funds with free money. So, ultimately, and rather sadly, I decided that to maintain the harmony of the group and the friendship of two special women, I would leave them to grow the Angel Bank any way they wished. And they have done it very well.

Denz continued with her particular focus on getting women onto the boards of companies and encouraging the fight against:

the Glass Cliff - when women get a top appointment – only to find it turning to custard as the business is failing. The top men and their networks didn’t want the job so they appointed a woman (Denz, 2009:9-11).

For Denz then, MCPs should be focused on economic development, without the focus on community and relational empowerment enshrined in The Manual and advocated strongly by Wright.

5.1.5 The Vision and Aims of the Organisation: an Overview

Overall then, there are five aspects at the core of the WLF vision, which are strongly expressed in The Manual:

1. It was established for women only and to meet their perceived needs in line with their lived experience, by a group of professional, empowered, women in Wellington in 1992. They felt that a supportive structure, based on respect, trust and community (core ideas of relational empowerment), should be built around its Borrowers. As Co-Founder Denz put it at the 2009 WLF Annual Conference: ‘the structure supports them.’ In addition, as one Trustee/Coordinator emphasised at the same Conference,
echoing Wright: ‘Don’t get women further into debt. Walk beside them.’

2. The aims of the organisation, reflected in its structure, stress flexibility and informality; trying to rule out possible intimidation resulting from formal interviews, rigid repayment rules and exceptionally complicated forms and paperwork. Prospective Borrowers are to be respected and listened to by already empowered women in a social position to act as valuable, friendly, allies, able to mediate with local community-based organisations, agencies and individual contacts. One Trustee summed it up: ‘we could have a lot more structure and hard and fast rules, but we wouldn’t be able to spin on a sixpence and take a chance, which is a fantastic thing in itself’ (interview, 3/3/14).

3. The philosophy emphasises that no interest is charged to Borrowers or given to investors (Angels) who need to be content with a social, rather than a monetary, return. Women Borrowers are thus enabled to repay, without constantly building up extra amounts owed. This can be viewed as: ‘a gift from women to women’ (Wright, 2009).

4. The philosophy also stresses that lending is broadly for those gradual and unpredictable ‘steps towards employment’ or for ‘helping women move towards financial independence.’ (WLF NI Branch Annual Report, 2011). This wide category of lending is open to interpretation and acknowledges that low income, vulnerable women, and those with families (single or otherwise), may encounter barriers when trying to meet their goals. A sudden, unexpected setback can throw their lives into turmoil (see Mullainathan and Shafir, 2013).

5. The WLF’s low-scale approach to microcredit aims to make money available locally and keeps it circulating there, where it can contribute to building community and well-being, thus directly benefiting community members and their families and encouraging security and the personal development of women within that specific locality.

5.2 The Organisation of the WLF

In this section I show how the WLF is organised, which, of course, reflects its overall
vision and aims. I focus in turn on: how the Branches are run; the concept of ‘membership’ within the WLF; the flexible structure of the WLF; its links with other organisations; communication within, and between, Branches; the purposes for which money is lent; the lending practice of the Branches; and how Branches choose to deal with poor payers.

5.2.1 The Organisation of the Branches

(i) Types of Lenders

I have grouped different types of WLF contributors under the category of ‘Lenders’. These can be divided into Donors (also known as Angels) and office holders (or Trustees/Coordinators). There are different financial and organisational roles according to the legal structure a Branch has adopted (Roberts, 2003:27). A simple and inexpensive legal structure, a charitable trust, was chosen in 1992 for the pilot scheme in Wellington because it was: ‘flexible enough for the fund to respond to women’s needs in a variety of ways and to change if the need changes’ (*The Manual*, unpaginated). Trustees have overall responsibility for the proper management of the Fund: ‘but their personal responsibility is limited to the assets of the fund itself’ (*The Manual*, unpaginated).

Trustees are constantly changing as Branches wax and wane and volunteers sustain activity or run out of energy. Their level and type of involvement differs. There are:

- Trustees/Coordinators who are office holders (Chair/Coordinator/Secretary/Treasurer) active in running of Branches;
- Trustees and Donors who attend meetings, agree decisions and may donate money;
- Founding and Emeritus Trustees (usually with definite ideas and roles);
- Paid Branch Coordinators (who may or may not be, or have been, Trustees);
- Unpaid Branch Coordinators (who may or may not be, or
have been, Trustees);

• women who have moved between all these roles, which underlines the WLF's fluidity of operation and relatively flat structure; and

• Outlying Supporters, sometimes men, who usually work for fellow community-based organisations, supportive banks (where the Branch may hold an account) or local women’s organisations.

(ii) Coordinators

The role of Branch Coordinators varies. In one of the main Branches I observed, NI, a team of Trustees ostensibly shared roles, because a decision had been made not to spell out definite titles, but, in reality, one Trustee dealt with most of the coordination and administration duties, as well as interviewing prospective Borrowers and chairing the Monthly Trustees' Meeting.

In another Branch, with a paid Coordinator, Trustees shared roles, including interviewing Borrowers:

And we share the roles within the fund. There is no official chairperson. We have a paid Coordinator who does all our administration and finance work. There's a Treasurer and I have only been involved as just a general Trustee, really. I also interview women for loans (interview with a Trustee, 24/3/2011).

Coordinators view their roles differently. One paid Coordinator saw herself as a 'Jill of all Trades', which, she explained, meant 'you do everything' (interview 20/10/2010). She admitted that she occasionally found the sheer breadth of her role daunting. Another Coordinator, who is now officially retired from business, saw herself merely as a 'link person', but her final remark points to her versatility and ability to work innovatively with others in her community: 'And I'm just the Coordinator of it, because I'm well known in the community. I've just been the link.
person there through Citizens’ Advice Bureau and the Member of Parliament’s office’ (interview 7/4/2011).

In contrast, one paid Branch Coordinator made it clear that she considered her part-time job to be carefully circumscribed. She dealt with administration, taking calls from prospective borrowers, sending out information, initiating, writing and producing a regular Branch Newsletter and organising the Monthly Trustees’ Meeting as well as recruiting Trustees for the Branch. She was, however, not a Branch Trustee herself (interview, 23/3/2011).

Similarly, a retired founding Trustee (interview 23/3/11) spoke about the differing ways in which the Coordinator’s job could be done. Her Branch had: ‘totally flat management when I was there. We never had a Chair or anything like that.’ She mentioned that Trustees would take on administration themselves to facilitate a wider promotional role for a paid Coordinator: ‘we (the Branch Trustees) should be down at the community centres.’ She said that, ideally, she felt that they should have a marketing person amongst the Trustees: ‘who took responsibility for getting the message out there; you need somebody who’s got that little bit of aggression. One of the problems is that a lot of us are older.’ She stressed that younger people familiar with internet use are particularly needed (interview 23/3/2011).

Overall then, the Coordinators have to be flexible, with multiple roles that include dealing with the local community, as well as Lenders and Borrowers.

(iii) Role of Trustees

WLF Branch Trustees were usually middle-class, professional women, who brought social and committee skills, expertise and flexibility to their roles as interviewers, mentors, advocates, decision-makers and loan givers. One long-serving Trustee, an art teacher, was local President of the international women’s organisation Zonta International and proudly described how she discovered the WLF when Gwenyth Wright spoke at a local Rotary meeting. Subsequently, she had: ‘saved $100 out of my housekeeping money to give to The Angel Fund and didn’t tell my husband’. She added: ‘No interest is what it’s all about (..) and women need something special’
(interview 6/11/2012). This Trustee had read *The Manual* and clearly espoused the WLF’s broad philosophy.

When one respondent retired from her WLF Branch in September 2005, a colleague wrote a piece in a WLF Newsletter outlining her role in the WLF. In it she emphasised the amount of work involved for a Trustee: ‘the task of recording and monitoring up to 40 loans at a time, and almost as many savings accounts, has been an exacting task in itself, but it did not stop there.’ In addition, she also reported that the retiring colleague: ‘wrote personal notes to advise members of their account balances, congratulations to Borrowers when they repaid their loans (and) friendly reminders to those who missed a payment.’

However, the Branch Trustees were mainly volunteers and the WLF was often not the only local board or committee they were on. Some were older and retired, others worked full or part-time. As a result, they were not always able to give enough time (in their estimation) to their self-defined role as Trustees. Indeed, the Founding Branch Trustee quoted above suggested that the problem for Trustees generally was not money, but rather time:

> It’s the time. I think all of us are glad to do this in a voluntary way without any payment. It’s the time factor, because most of us have got (...) when I began in the WLF, I belonged to seventeen different voluntary organisations (*in this area*), so if you belong to that many organisations, you haven’t got that time to (...) and I know that it’s important. I know that, that weekly contact. Even if it’s, ‘how are you doing?’ You know. ‘Are you managing OK?’ It doesn’t have to be, what are you doing with the money? (interview 17/3/2011).

This shows that she recognised that Borrowers needed more contact throughout the duration of their loans than she and her volunteer Trustee colleagues were able to give. Such time was important to develop the trust and respect crucial to empowerment. As she argued: ‘empowerment mainly comes through encouragement
and experience’ (interview 17/3/2011). Here, she articulated the importance of the key elements of relational empowerment and the problems that a voluntary organisation faced in providing such support, an issue I return to in Chapter 8.

The WLF also fostered close relations with complementary local organisations, stressing how important community support is for the Borrowers. A long-serving Branch Coordinator explains: ‘In our situation you stick to your knitting.’ What she means here is that she links her Branch as a source of lending with other local organisations and professionals who supply additional support for Borrowers, when they need more than money in the hand. She continues: ‘We’ve got Supergrans, we’ve got the Budget Services, we’ve already got all of them, we’ve got Health Sisters. Yes and that co-operation brings the families, the women, into that mutuality of connection’ (interview 7/4/2011). Here, there is recognition that an MCP like the WLF can only function effectively as part of the broader community, another major aspect of relational empowerment.

5.2.2 WLF Membership

Borrowers become Members on joining the Fund and The Manual suggests that there should be a Membership Fee, although no definite amount is given. Wellington Branch publicity from 2001 lists a fee of $10, as does more recent publicity from one Branch which urges women to: ‘Join a unique money club – with Angels – TODAY. Membership $10.’ This is a small amount, but the Branch suggests that it will make women feel they are becoming a member of a wider group. It also differentiates the WLF as a Fund (or a club with members), rather than a Bank, so avoiding banking regulations. This is important as the WLF was warned about this issue by the New Zealand Reserve Bank (Wright, 2005:4), which is one of the reasons it continues to stress that it is a Loan Fund.

The vision of a flat organisational structure was initially outlined in The Manual. The third WLF Co-Founder, Barbara Lewis, spoke on this issue at the 2009 Annual Conference. She raised the important subject of class and related social divisions when talking about her Co-Founder Gwyneth Wright:
Gwenyth stepped across a line – talked to women of different classes and races. She talked of ‘class’ existing and how Samoan culture had a different social set up. They understood and loved her for it.

Lewis is arguing that the women who run the organisation do not set themselves up as superior, or as ‘Lady Bountiful’, but rather as women who are also members of the Fund. However, not everyone felt that Borrowers experienced the WLF in that way. One past Branch Trustee argued:

I don’t think anybody else but me would ever even think about it. I honestly don’t think the women who borrow would even consider it as being an issue. They wouldn’t see themselves as being on the same level. So I don’t think there’s anything you can do about it (interview, 23/3/2011).

Relatedly, a new SI Trustee struggled with the deliberately inclusive category of ‘membership’. She had never heard of ‘membership’ before I asked her about it. She asked: ‘Have you talked to anybody (in our Branch) about this?’ (interview 30/3/2011). I told her that the local Branch Coordinator had discussed WLF ‘Membership’ with me when I was shadowing her. Together we searched her home-office for her Branch’s copy of The Manual (which we found in the cellar) and looked it up. There was no suggested fee given, but we did find specific guidance for Trustees on the joining process: ‘the Borrower becomes a member (my italics) of the group of Women helping Women and has access to the supportive network. Be prepared to work with her through difficulties in business and personal life’.

On the subject of a Membership fee, this new Trustee continued:

But what about this Membership fee? You’re saying $10 is a set membership fee? We had a Newsletter with it on the bottom. The first meeting I went to, somebody had sent $10 in for Membership and nobody knew
about it. It’s, no, we don’t have Memberships. What the hell do we do with this? We don’t have a Membership list. We don’t have any members.

What this exchange suggests is that there is a clear difference here between what is in *The Manual*, and what older WLF Trustees think about Membership, and the views of other, often newer, Trustees. This is an issue explored in the next two chapters which focus upon the relationship between Lenders and Borrowers in the WLF. As emphasised in Chapter 3, that relationship is central to the efficacy of relational empowerment.

5.2.3 *The Flexible Operating Structure of the WLF*

As I have already emphasised, each WLF Branch has leeway on how it organises itself, but is obliged to honour the basic philosophy, outlined in *The Manual*, if it identifies as a Women’s Loan Fund Branch. Each fund chooses what types of loans it provides, and thus where it puts its focus for lending, and the appropriate support that goes along with it. Because all Branches have Trustees or Management Committee Members who give their time voluntarily, there is a recognition that the Branch cannot provide all the varieties of support Borrowers need. However, as emphasised, the WLF operates as part of the wider local community; it does not try to do everything itself.

The importance of recognising ‘steps towards employment’ or ‘movement towards financial independence’, that is the financial aspect of empowerment, as crucial aspects of the microcredit lending process for women, is clear in *The Manual*. However, this financial aspect has been left open for interpretation by the various Branches. One Branch will not lend for cars, as they are considered ‘a bottomless pit’ for loan money (Trustee interview 23/3/2011). Another Branch uses a reliable car dealer who will provide cars for their women borrowers at a reasonable price (contribution from the floor at the 2012 Annual Conference).
Branches also have different foci, volume of loans and types of Borrower, although key values are shared. These include respect between women, understanding of their lived experience and, above all, a wish to help and support women with more than just money. Indeed, a number of Branch Coordinators told me that they often decided to refer women for specific help, rather than giving a loan and adding to their debt. This is clearly an established practice, as the record of the first decade in Wellington makes clear (Roberts, 2003:3).

How the Branches operate is very dependent on the personality and application of their Coordinators and Trustees. A new Trustee interviewed professed an interest in trying to change her Branch’s focus. She was in an established Branch with a stated policy of only lending for enterprise, training, education and movement towards financial independence (also known as ‘steps towards employment’). This is mainly an attempt to keep away from the more problematic area of social/welfare lending and a wish not to trap women into more debt. Another city Branch has for the last three years set a personal/social lending level of $200 for serial Borrowers only and, according to its Coordinator, ‘has not had a default’ (interview 20/10/2011). Other Branches pass on social lending requests to local organisations, government agency Branches or charities which specialise in these areas and may give grants, rather than loans. Whatever the stated policy, my time spent with Coordinators, even in Branches which were more sceptical about welfare lending, suggested that, if women applied for money, a way would be found to help them.

The Branches which usually lent only for enterprise or training found it more difficult to find Borrowers. Indeed, one of them made only 8 new loans in the financial year to 31/3/2013 (Branch Annual Report, 2013). In contrast, one Branch Coordinator, whose Branch operated with a broader remit emphasised: ‘What don’t we lend for?’ (interview 7/4/2011). Another Branch with an open lending policy currently does 3,000 transactions a year (interview with Trustee 13/3/2011). So, the way in which Branches operate varies considerably. The importance of this flexibility for empowerment is explored in the next Chapter.

Because of the way the WLF is constructed, Lenders and Borrowers are dependent on each other for the Fund’s existence. Roles within the WLF are also fluid, given
Borrowers can become Donors and then become Borrowers again. Donors, Borrowers or Supporters can become Trustees or Coordinators, and some Trustees when ready to move on are asked to become Emeritus Trustees to keep their expertise available. Indeed, the WLF is a fluid organisation; some Branches come and go (see Figure 4.2) and their office holders come and go as well. Overall, as noted in the last Chapter, in the early 2000s there were 15 Branches operating, in 2015 there are 8. However, as also noted earlier, growth, as conventionally understood, has never been an imperative for the WLF, reiterating its non-financial focus (Roberts, 2003).

From the perspective of a mainstream financial organisation this might not indicate viability, because its existence does not rely on constant growth. However, the WLF aims to maintain solvency, so that can offer loans as needed and to maintain sufficient holdings to repay its Angel/Donors on demand. To ensure this solvency, regular repayments are necessary and donations can also help swell the Fund and are constantly solicited.

Overall, the WLF has a flexible and fluid structure. It does not aim to grow or to ‘scale-up’ as a way of dealing with poverty more broadly. Rather, the Branches aim to respond to women’s needs within their communities, again practices that fit well with, and support, a relational understanding of empowerment.

5.2.4 Links with Other Organisations

The WLF Branches are well-integrated into their local communities. Trustees liaise with a wide range of specialised community organisations which can be drawn on for Borrower support.

For example, Trustees often called on long-standing professional links forged within their communities. One Branch Coordinator (interview 14/3/2011) gave the example of a local Supporter who is a retired bank manager and re-negotiated a mortgage, amongst other help, for a Borrower:

He knows what the situation is out there. He did the sums, worked it all out for us. No charge. Thrilled
to do it. Another thing that we've done as well, at the beginning, what do all these credit agencies say about this person? With their permission, of course. There are so many errors in those things. We just get it sorted.

A Trustee gave another example of how such integration in the local community is crucial, describing her Branch’s links with a local bank when a Borrower was considering a dubious house purchase:

They were very good, too. They said that they would. Now, what would they do? They did not think that what she was going to do would be an advantage to her. Yes, again, she would be better to go through a bank and get this loan. So, I made an appointment. No, we left it up her, gave her all the ins and the outs, and said to her, if you need any help, come back to me, you know. I’m even happy to come along to the bank with you, if that’s what you want. She didn’t do it.

A Women’s Centre Coordinator who is a long-term WLF Supporter emphasised that such links can be institutionalised (interview 4/4/2011). She pointed to ‘other groups dealing with social disadvantage in the city’ and emphasised that there is a Memorandum of Understanding between the local Social Services agencies. In this way, the WLF in her city works in conjunction with: a Food Bank; a Bond Bank (set up by a woman who is also active in the WLF Branch); the Salvation Army; St. Vincent de Paul; and the Fifeshire Foundation, which gives grants, not loans, up to $500 for people in ‘domestic crisis/hardship’, for ‘food, key furniture items, urgent travel and health care’ (Fifeshire Foundation leaflet, 4/4/2011).

Support and funding is also given (on request) to WLF Branches by professional women’s organisations. Zonta organised and funded catering and clearing at the 2012 WLF Annual Conference. Business and Professional Women and Women in Enterprise (WEB) supported the launch of two Branches formed in 1995. The YWCA supports a South Island Branch (and has done through problems caused for it
by the GFC). Altrusa gave regularly to the first mentioned Fund (personal communication with Coordinator 3/11/2012).

Another Coordinator liaised with local organisations, including Supergrans, the City Council Community Services Division, Rural Women of New Zealand, the local MP’s office, Birthright and Access Home Health, to provide back-up to her Borrowers, thus ensuring that WLF help was not just monetary, but covered other needs in what she called ‘a mutuality of connection’ (interview 7/4/2011). Her way of working also prevented the WLF Branch, run by volunteers, having ‘to do it all’ and meant they could ‘stick to their knitting’ and do what they did well, which was lending money that, when paid back, circulated in the local community. If particular social support was needed this Coordinator explained: ‘When a follow up is needed (and I’ve got good communications with all that follow up) and I know that not me personally but somebody else is going to be in that home, twice or three times a week, I’m quite happy, quite, quite happy!’

From an alternative perspective, a male Supporter from another Community organisation outlined his organisation’s links with his local WLF Branch:

We have mutual clients. Yes. Counselling services, Social Work services, Strengthening Families services. We’ll work with anybody. Department of Courts is another one, Corrections Department. And we’ve been able to assist people through there. We have drinkers, drug addicts, gamblers coming through here. We can, through our service here, and working with other agencies like the Women’s Loan Fund, assist people back to a certain sense of normality. And once that happens, then they can get that focus onto what they’d like to do (interview 16/3/2011).

This illustrates that the WLF Branches are very well integrated into their local communities, having links with a significant number of local organisations. These links provide other support for Borrowers in both the financial and non-financial
sphere. In this way the WLF is operating in a style which resonates with the idea of relational empowerment, in the sense that a person is valued as part of a holistic social structure, rather than as a financially self-sufficient individual.

5.2.5 *Keeping in Touch: Annual Conferences, Newsletters and a (long-awaited) Website*

The WLF Annual Conferences are important for boosting morale and exchanging information, practice and experiences with other Branch members, particularly given the flexible structure of the WLF. They are also important for overcoming feelings of isolation among office holders. Branches volunteer to run the Conference which now happens every two years. When an Annual Conference ended there was always a Branch that volunteered to run the next one (as I noted in my Conference Notebooks for 2009, 2010, 2012, 2014)

Discussions between Trustees and office-holders about problems and practice were built into Annual Conference programmes, which were flexible enough to allow discussions to be extended, if necessary. At the Conferences, there was a focus on helping and informing other Branches about ways of tackling problems or discussing and assessing differences in practice. I attended these Conference Sessions and could tell, from my conversations with other Branch Lenders and from the questions asked at the Conferences, that they were very valuable for women running Branches. One Coordinator (at the Annual Conference run by her Branch) organised an informal session to develop a basic wiki website for each Branch so they could communicate with each other. Women learned how to set up, maintain and edit such a site, how to load pictures and make links. Some were intimidated by the whole idea but they asked questions, were introduced to a new possibility for communication and could take it away and work on it (Conference proceedings, 20/10/2010).

The Annual Conferences are also considered vital for the creation and maintenance of ‘energy’, a factor constantly mentioned by Gwennyth Wright and WLF women generally, at conferences, meetings and in conversation. At the Conferences it was possible to observe how delegates became energised through talking to others and
exchanging experiences, in part because otherwise those involved in different Branches rarely meet. I always made a point of meeting and talking to conference attendees during breaks from the main Conference sessions. They all found exchanging views and offering or receiving practical advice (if needed) on updates in legislation, welfare reform, book-keeping and methods of chasing repayment, very useful (Conference Notebooks for 2009, 2010, 2012 and 2014). Another example was the aforementioned inter-Branch support meeting I attended with Wright, among others (20/2/2011) involving NI Branch and another faltering Branch. Afterwards, Wright wrote to me: ‘I hope they found some new energy after our meeting with them’ (personal correspondence 20/2/2011).

The Conferences also provided a bonding experience for women from the, relatively autonomous, Branches. I experienced this solidarity each year I attended. To quote Wright again: ‘The WLF is fragile: we need the conference otherwise the whole thing falls apart’ (Wright’s comment at the 2010 Conference, 16/10/2010).

Maori words and songs featured at the 2012 Annual Conference. This made a strong impression on me, as it was so unusual in a conference setting and I could only listen, as I did not know the words. Attendees would suggest a song in Maori in honour of an individual woman, instead of giving her a spoken vote of appreciation, if she had contributed in some way to the proceedings or was leaving the group.

As indicated in the last Chapter, one WLF Maori-only Branch, and one Pacific Islander-only Branch, both established in 1997 only lasted a short time. The WLF lends to a number of Maori women but they no longer run any separate Branches. They were well-represented as Borrowers in the NI Branch, but not in the SI Branch, and I interviewed four of them, some of whose views are reported in Chapter 6.

We have already seen that time is an issue for Trustees. They may not have time to produce a regular Newsletter, but often contact Borrowers directly by telephone or email. Some feed their WLF Branch news onto the websites of important local organisations with whom they have cultivated a personal connection. Thus, one Coordinator describes how she keeps contact with her Branch members and gets others working in the community, who have more reach, to do her contact work for

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her: ‘No, I don’t have a Newsletter, but I do flick across little notes on the computer, by email’ (interview 11/4/2011).

However, some of the Lenders expressed fears of isolation, almost as much as feelings of solidarity. Certainly, Branches (and individual women within them) do become isolated (interview 11/4/2011). Branches are sufficiently far apart to create a sense of isolation, especially as Conferences were the only occasions on which Branches visited each other. As The Manual states: ‘Each fund has responsibility for its own operation, but all are linked into a network for mutual support and exchange of ideas’. This network becomes concrete at the Conferences (for the women members lucky enough to attend), but it is more difficult to sustain a feeling of connectedness over the periods in between. This is why many WLF Trustees see the development of a WLF website, rather than individual Branch websites, as important; a possibility I return to in Chapter 8. At the same time, the internet is confusing for some of the older women, who have yet to master and use new technology in ways that appeal to them. Nevertheless, a WLF website is acknowledged as a possible way of creating overall feelings of solidarity in the future, but it would cost money to set up and develop. The issue of a central WLF website was discussed at the 2010, 2012 and 2014 WLF Conferences, but in 2015 the Branches are still creating their own websites.

The links between Lenders and Borrowers, and particularly between the Branches, could clearly be improved, leading to closer relations and the exchange of information to improve provision to Borrowers, which could contribute to a sense of community within the organisation, an important aspect of relational empowerment discussed in Chapters 7 and 8 and something Wright stressed as being important (interview 17/10/2010).

5.2.6 Purposes for which Money is Lent

As we have seen, the WLF has various categories for lending: income generation; self-employment or micro-enterprise; steps towards employment; education/training; social/welfare needs; and personal/emergency loans. More broadly, there were three types of loan advanced in the Branches I visited. First, there were loans to those who
needed qualifications in order to become self-employed and generate income (for example, for a fashion course, to help start a business making children's clothes or for a car warranty and registration to enable a woman to get to a Vet Nurse Training Centre). Second, there were loans to Borrowers who needed operations or aids to enable them to get work, or complete training (for example, for major dental work). Third, there were loans to start or develop enterprises or retain a job (for example, one woman was given money for, important extras for a pet-grooming business and a second to help get a children's book mocked up, published, printed and distributed).

The 'Steps Towards Employment' or 'Helping Women Move towards Financial Independence' category was used in creative ways to support women. In each Branch the Trustees agreed on an interpretation of this category, but all saw it as a means of enabling woman to move in the direction of training, paid work or self-employment; empowering them in an economic sense. Money is lent in this way to provide an entry point into the process of planning and generating income and the category acknowledges the slow steps that disadvantaged or low-income women may need to take towards their goals.

It is important to recognise that women needing to borrow for income generation or enterprise can seldom get enough money from a WLF Branch alone (as the maximum is $1,000 at most Branches, though some will loan up to $2,000). So, a WLF loan is sometimes combined with other loans and becomes part of a local package of lending.

However, only a relatively small proportion of loans are for enterprise in the more active WLF Branches, as a Coordinator from a large city Branch points out: 'I mean percentage-wise, out of all the loans, people actually going in and starting up a business would only be a small percentage, to be honest' (interview 20/10/2010).

While most of the loans are for more social or welfare related purposes, some have a strong link with employment. A founding Trustee gave examples:

at the WLF we've got a lady who required a hearing aid for her work, and it made a huge difference to her
because she was a working person, but she couldn’t hear, so the hearing aid’s made a big difference. But there is also, because of the lack of education around money in the area, because people have been brought up in their own family situation when they were young, with people who also didn’t understand how to manage money, so they’ve never learned, so they’ve gone into this cycle of debt (interview 17/3/2011).

The WLF gives loans for many purposes. Many of the loans aim to help women towards employment, but by no means all; the balance varies between Branches. However, the WLF recognises that such steps towards employment can be a crucial aspect of the empowerment for these women, in terms of making them more economically self-sufficient. But, that is not the only thing the WLF does and the organisation sees it as only one aspect of helping and trying to empower women who approach it, by building trust, respect and self-esteem.

5.2.7 Lending Practice

As indicated, the way the Branches lay out their policies differs, but in practice they are all flexible in the way they try to help: ‘we are a responding organisation’ (interview Wright, 17/10/2010). All rely on simple application and contract forms and documentation, swift turnaround on loans, automatic repayments and regular statements of a Borrower’s repayment position. The Trustees assess each application closely, focusing particularly on the prospective Borrower’s needs and ability to repay, even if over an extended period. One Supporter, who runs a Women’s Centre, stated: ‘The WLF Trustees interview and assess women closely and adopt a relational approach. There is also a planning element. Women are not just going out to buy flat screen TVs, etc.’ (interview 4/4/2011). There is not much difference in the repayment rates between the differing types of loan that women take on, a point I return to below.

Trustees have a strong sense that their job effectively entails listening to women. They make great efforts to hear women, be fair to them and entertain their ideas. As
one Trustee argued (14/3/2011): ‘I think you’ve got to be able to have good listening skills, I really do. Make good eye contact with the person, you know.’

Here, the aim is to show respect and build trust and self-esteem, key elements in relational empowerment.

This same Trustee offered another example of how positive it can be to keep in touch with those who have borrowed:

So much so that I thought, OK, she would have her hearing aid now *(which they had loaned her some of the money for).* I’ll just give her a little bell and see how everything’s going. Oh, look! She nearly jumped down the phone. ‘P, it’s just so wonderful, I can hear a hundred percent now. The meetings, you know, like I’m capturing everything that’s being said and I’m able to help a person.’

When considering loans for enterprise, she emphasised that it was important to talk to women about their needs and aspirations, because that is an important step in a process for achieving these aspirations:

You know, like, when they come through on the phone, dah dah di dah dah, and you listen to their story and you think, oh, goodness, I don’t think this is going to work, somehow. But, look, let’s have a chat with her. It’s almost as though she thinks, oh, I’m probably going to get another ‘no’. You know? But we don’t. No, we say ‘Come on, we’ll make an appointment for you, whatever suits you, we can chat about it.’ (interview 13/3/2011).

While the WLF lends for different purposes, responses like this from Trustees indicate that they focus on listening and respecting the experiences of potential Borrowers. This WLF practice reflects another important aspect of relational
empowerment in action (Christens, 2012).

5.2.8 Poor Payers

Borrowers usually managed to repay their loans in the end. In broad terms, the WLF Branches keep faith with them, adapting their terms of repayment and enabling and encouraging them to repay (interview with Coordinator 21/2/2011). The overall aim is to break-down some of the mystique around borrowing for marginalised women struggling with debt and sudden unexpected bills, and to provide an entry point for those who wish to accomplish something for themselves. Low income women are excluded by the banking system, not only because they have no collateral or are unemployed, but also because the amount of money they have (or want to borrow) can be so small that mainstream banks find it unproductive to deal with them (see Chapter 2). In addition, banks’ interest rates and fees are high and low income women cannot afford them. The immediate alternatives are finance companies or payday lenders, whose interest rates are even higher than those of mainstream banks and: ‘whose borrowers have been credit crunched all their lives’ (Rahman, 2012). Consequently, one of the reasons for founding the WLF (as with the Grameen Bank in Bangladesh) was to give vulnerable women an alternative to high interest charging money-lenders (also known as loan-sharks).

However, there has always been an issue of dealing with the limited number of Borrowers who cannot or do not repay. One Trustee, known for taking the role of determined ‘policewoman’ for her Branch, gave an example of how she deals with and pursues ‘poor payers’:

And she wouldn’t pay back, and she said she was going to come to our Branch office and she didn’t follow up and she didn’t come and see me. In the end, I was reading the paper, and she was starting a small business in Invercargill, so I rang her up and said, ‘so what are you going to do if people default to you and don’t pay their debt?’ And she said, ‘I’ll take them to the small claims tribunal’, and I said, ‘but we’ve been kind
enough not to do that to you, come on’, and I said, ‘what are you doing?’ And she said, ‘I’m going across the road to the bank, and I said, ‘don’t bullshit me because I’ve really had it.’ I mean, I’d been chasing her for two and a half years.’ I really need you to pay this loan back, not for me but for the WLF and for yourself.’ Got paid’ (interview 1/4/2011).

She continued, drawing attention to the determination needed for her role:

There aren’t huge numbers. I guess, for me, it’s just reinforced the fact of never giving up in regard to getting people to pay. And, I’ve struggled with, you know, some women with mental health issues and haven’t managed it. I’m still tracking one of those. Because, I get very determined about it all.

She further explains the strategy she uses:

Yeah. And when I’m talking to them, if they’ve become tardy in paying it back, then I do say that again. We have a lot of money to lend around, but we really do need you to pay yours back so we can lend it to someone else. And it’s about helping everybody and, you know, how it’s been for you to get this, and what’s it meant. And when I talk about that, then they kind of get a bit more on board.

Another Trustee is harsher (interview 11/4/2011):

Well, the point is that I found that, if I was lending the Trust money, I would be expecting them to act really responsibly with that money by making sure that it was lent out to somebody who could repay that money. And that money goes back in the pot for somebody
else to have a turn with it. And so for me, microcredit is being able to provide a small amount of money to somebody who ordinarily wouldn’t be able to touch that and then enable them to actually go and grow from there. So this is the foundation, this is the first base and we come in and we look after them.

Similarly, another Trustee is also quite hard-headed (interview 14/3/2011):

There are so many people in New Zealand who are fourth generation non-savers; dole getters; never workers; you know, they’re the fourth generation of the family, and that is, from my point of view, with the ethic of work, save, don’t buy anything unless you have the money. And their ethic is instant gratification, money or no money. And this is so different from my life, something I really struggle with. I rubbed against it a little bit in the Budget Service, but not to the extent of being responsible for other people’s money when I lent it on. So, for me, the change; you’re asking me the change for me. I’m very frustrated with some people that we lend money to who are immediately, no, who lie through their teeth to get the money, and then don’t keep any promises, or few. And you have to work your butt off to get it back.

She also acknowledged the behaviour of sometimes desperate Borrowers and her ambiguous response towards them:

Well, for a while we had a lady called J who worked with me, from one of the local banks, and part of the bank’s outreach was that they lent their staff for so many hours a week, or a month, to organisations such as the Budget Service or WLF to help them with their
banking expertise. J had a lot to do with bank loans, and I was astonished when she said, ‘99% of people who come for loans lie through their teeth.’ And I thought, that’s a bit harsh, because in actual fact, after these few years of doing this, I know that it’s not harsh at all. It’s the truth.

The WLF has relatively few poor payers, but they are pursued, wherever possible for two main reasons, which bear on the issue of empowerment. First, the organisation aims to increase the financial literacy of its Borrowers, an issue I return to in the next chapter. This involves ensuring they recognise that they have a responsibility to repay. Second, and perhaps more important, they need to recognise that they are part of an MCP which cannot loan out more money if it is not repaid. For most Trustees, this is a key feature of the WLF and it is at the core of their view of how women can be helped. Fostering the idea that the WLF is a community in which Borrowers depend on other Borrowers, as well as on Lenders, is an important element of relational empowerment.

**Conclusion**

‘We need a transition to women’s power: not the power to control but the power to inspire’.

*(Barbara Lewis, Co-founder of the WLF, Talk to 2009 Annual WLF Conference)*

In this chapter I have considered the vision and philosophy of founding WLF members and how they are displayed in *The Manual*. I argued that this philosophy has been purposely fashioned as a method of empowering women, some of whom may struggle to find affordable loans. This alternative form of microcredit provides a generally sympathetic and specially-tailored borrowing relationship. The flexible structure of the WLF enables women to request and receive money at no interest, from a local source, in a comfortable setting, from other women who are already empowered, in the sense that they have self-confidence and, most-often, financial security, and therefore are able to act as allies and supporters. This structure is
flexible, with the aim to engender confidence and bring borrowers to an appreciation that by repaying what they owe, they enable others and empower themselves. It thus exhibits many of the features of relational empowerment (Christens, 2012), as there is a strong focus upon respect, trust, listening, community and, as the Lewis quote above indicates, transformative power. The extent to which the WLF operates according to the principles of ‘relational empowerment’ is further explored in the next two chapters, where I discuss the views of Lenders and Borrowers, and explore the issue most directly in Chapter 8.

This Chapter also indicated that there are undoubted differences between the lending foci within the 8 currently operating WLF Branches. This reflects the fact that The Manual, and more generally the WLF, is not prescriptive, rather as the remaining active Founder writes: ‘Each Fund takes its character from its own place and the women who run it. At times energy runs low and volunteers are hard to find’ (Wright, 2005). I will discuss the difficulties thrown up by the WLF’s voluntary nature and problems of coordination and leadership in Chapter 8.

The day-to-day lived experience of vulnerable women is unlikely to enable a smooth passage to empowerment, however we conceptualise it. It can be an ambiguous process and experiencing vulnerability is likely to involve regular feelings of disempowerment. Branch trustees grapple with this tension and in the next chapter I examine the Lender’s views of the WLF and its Borrowers and what they think they and their fellow Lenders/Organisers are contributing to the process of empowerment.
Chapter 6. The WLF: The Lenders’ Views

The last Chapter considered the extent to which, and the way in which, empowerment drives the WLF’s philosophy and organisational structure, providing a context for what follows. Here, I focus specifically on the Lenders’ views of this microcredit organisation and its aims and practice. I include as Lenders, Angels (Donors/Investors), Trustees, Management Committee Members, Branch Office Holders and Supporters, focusing particularly on how they view empowerment in relation to the Borrowers. This Chapter has five sections: the first section considers the Lenders’ reasons for being involved with the WLF; the second focuses briefly on what the Lenders know about the philosophy and aims of the WLF discussed in the last Chapter; the third examines more specifically how the Lenders see the practice of the organisation in relation to empowering the Borrowers; the fourth focuses upon the Lenders’ views about the putative success of the WLF; before the final section examines their views about the future of the organisation and how it could enhance the empowerment of Borrowers.

6.1 Why are Trustees involved in the WLF?

During the interviews, Trustees expressed a number of reasons for their involvement, including: a) their own personal development, which I term self-empowerment; b) the satisfaction they gain from seeing Borrowers develop and gradually become empowered and, relatedly, the opportunity to make a difference; and c) their own previous experience of hardship.

6.1.1 Self-Empowerment

To date, I’ve focussed upon how the WLF attempts to empower Borrowers, but one Branch Trustee emphasised that Lenders also benefit; they believe that they are empowered themselves (interview 14/3/2011):

I think the people who have become most empowered through this organisation are the people running it. We have been all individuals, and it’s brought us together
when we can see that we can make small changes, and I can see changes. I’ve watched a number of people coming into the organisation through those years and I can see them changing their attitudes and empowering themselves more by belonging.

The argument here is that Lenders benefit from their interaction with other Lenders, in terms of personal development. Indeed, another Trustee also emphasised that seeing the Borrowers develop was a positive experience, with wide ramifications, that also empowered the Trustees (interview 3/3/2011):

the reward is the opportunity to grow personally – you know you learn so much about yourself, and others – and, you know, you can see that you’re making a difference. I’ve said to A that what we need to keep in mind sometimes is that we don’t always know, we can’t know, unless someone tells us in so many words, what a difference we’re making, but that difference gets transported all around with everything that person does that we’ve helped, it does, it all fans out and makes a lot of connections and the very fact that somebody believes you and trusts you and cares about you, you know, the business model doesn’t mention those sort of things.

This Trustee (interview 3/3/2010) also emphasised the links between the women involved in running her WLF Branch:

We don’t live in each other’s pockets or see a lot of each other, but there’s that basic understanding, like we’re all different people with different ideas on things, but there’s the one thing we do agree on, that idea thing; it is actually the reason we are so successful, so far. The idea that we all want good things for women and the world at large and that is what drives it,
so, any differences that we have are not of significance, because, underneath it all, that is there, always, and that does away with any difficulties we might have around our differences. We don't have difficulties with our differences.

So, the Trustees felt that they 'belonged' to a 'caring' organisation, but also acknowledged that being involved helped them grow and develop personally. Their experience wasn't the same as the Borrowers', as they weren't receiving loans, but some of the other steps which can be identified with relational empowerment were steps taken by many Lenders. These steps included giving them greater confidence and fostering respect, trust and a sense of community.

6.1.2 Understanding the Borrowers and Making a Difference

The Trustees/Lenders usually come from different backgrounds from the Borrowers, but working with the WLF gave them a much clearer understanding of the latter's experiences; as indicated, many felt they themselves were developing as individuals. For example, a retired business woman, an Emeritus Trustee, acknowledged what she had learnt (interview 1/2/ 2011):

The thing with the area we live in, there are a lot of people who are struggling just with their day-to-day living expenses and there are a lot of people who are either unemployed or living on some kind of a benefit. And those sort of people, they've got a limited amount of money coming in and if something comes along that's out of the ordinary it actually throws the cat among the pigeons and there's nowhere really that they can go. You can get a certain amount of additional government assistance, you can apply and there's additional funding for certain criteria that they will give you as a one off payment, sometimes it's done as a payment that you have to pay back (only $10 a week
or something). But once you’ve actually had that (and it’s not for everything and it’s so much a year) you’re actually stuck. For instance, people with children, maybe they need braces on their teeth or maybe they’ve got a particular health problem, maybe the person themselves has a particular health problem, they’ve got a need for a hearing aid.

This quote illustrates the empathy and respect felt by Trustees towards Borrowers who were struggling. It also reflects a commitment to transformative power, the idea that there is significant inequality which needs to be addressed. These are two key features of Christens’ conception of relational empowerment discussed in Chapter 3.

Of course, some Trustees, middle class and new to the community sector, take a while to understand the Borrowers’ lives and problems. For example, a city Branch Trustee/Coordinator, acknowledged (interview 20/10/2010): ‘I think, coming from the accountancy office and the MD background (another community-based lender), it was a bit of a learning curve to see what the loans meant for women’.

Other Trustees were more cynical when they joined the WLF. A founding Trustee of NI Branch talked about what the experience of going out to the Borrowers had meant for her (interview 14/3/2011):

For me, it’s made me less heart and more head. You know, I went into it thinking, oh, we’ll help these poor women, and I think they’re not poor women at all, they’re suffering from their own, hoist with their own petard, but, through circumstances often beyond their control. And it wasn’t until I went with R to one woman who was asking for a loan, and went to her house and saw her desperate circumstances that she was so overwhelmed with, that I really got into, yeah, maybe we can do something for these people by encouragement, by small loans.
Another woman, now a Trustee, previously a Coordinator, and initially a Borrower, argued (interview 25/3/2011):

I think a lot of people who are sort of middle class, if I can use that term, don't really know what it's like to be in the lower sector of society. And I think that's probably one of the biggest effects it has on women is that they realise just how hard it is for people out there. And they may not have thought about it before.

Many Trustees felt that being involved in the WLF gave them greater understanding of Borrowers' lived experience, an empathy, which, in turn, improved their ability to help them. It gave them a greater respect for disadvantaged women, a capacity for appreciating Borrowers' struggles with money and greater self-awareness. However, they also thought that this empathy had helped them develop as individuals. Here, again, we can see the resonance of the idea of relational empowerment as empathy is rooted in trust and respect.

Nevertheless, some Trustees acknowledged that the differences between most Lenders and the Borrowers in terms of resources remained an issue in terms of the relationships between them. As an example, one Donor argued (interview 3/3/2011):

I get the idea from my encounters with some of the women that we're just a soft touch, that we're a lot of batty old ducks, you know. That is a concern of mine, that there is a separation between the Borrowers and the Lenders, and we have to address (it) because it's not helpful for people to see us that way, I don't believe, but then we have to think well, what are we doing to project that, you know what I mean, how are we giving them permission to think that...

Lenders were thus aware of the inequalities in society and the fact that they were generally part of its more privileged element. However, Lenders consistently showed
empathy and respect, which they saw as important elements in the Borrowers’ path to empowerment.

6.1.3 Previous Experience of Hardship

Some Trustees’ involvement with the WLF resulted from prior personal experience. One Trustee provided a particularly good example (interview 13/3/2011):

The reason why I do this? One time in my earlier days, I needed $100 and I needed this $100 so bad and I tried to borrow it from my mother and, oh my God, you’d think it was an Act of Congress, as an American would say. By the time I finished the two hour conversation with her, I didn’t want the $100 from her. And it was like: I just need $100. Could somebody please lend me $100? And my aunt helped me out and, you know, when people help you out when you’re really desperate for money because a bill has got to get paid, you just never forget that feeling. Gwyneth bridged that gap for me between, you know, women helping women in business versus these women that need that hundred bucks. Be there for them!

She had experienced hardship and knew that a small amount of money could sometimes help a lot, as a step in the process of empowerment.

Similarly, another Trustee felt that her previous experience as a Borrower had affected her Branch’s lending policies (Interview 25/3/2011):

I also think that being one of those from the ‘lower sector’ has an effect on our loan fund in the way that we discuss things. And because I can see it from the point of view of the Borrower, sometimes I’ll bring up things that may not have been brought up.
It is important to acknowledge that most women involved in the WLF are giving up their time and effort for no financial reward. Some clearly have a sense of duty, sometimes affected by their own previous experience. However, many recognise that they benefit from the experience. In addition, the fact that some Lenders have direct experience of hardship also helps sensitise other Lenders to the problems Borrowers face. It was a way of raising levels of empathy in the Branches, increasing understanding, respect and trust, crucial aspects of relational empowerment as discussed in Chapter 3.

6.2 Different Knowledge/Views of the WLF

The knowledge that Lenders have of the organisation’s philosophy is important, because it affects both the way in which the Branches operate, and the extent to which this is consistent with the WLF’s philosophy and aims. Most of the Trustees/Lenders had a good understanding of the WLF’s overall purpose, as will be clear in what follows, mainly from having interviewed prospective borrowers and attended regular Trustees’ meetings. Attending one or more of the Annual Conferences also built their knowledge of the organisation and the ideas behind it. Conference attendance also allowed them to talk over problems, uncertainties and successes with other volunteer WLF women in the same position; a response I observed at the four Annual Conferences which I attended.

Various Trustees commented on the underlying philosophy of the WLF in interviews and informal conversations. One experienced Branch Coordinator, who used to work in the corporate sector, emphasised: ‘Gwyneth’s whole philosophy is we must always help that woman. There must be a way. And sometimes it’s not money’ (interview 26/3/2011). Another past trustee, who had also been both a Borrower and a Management Committee Member, had a similar response (interview 4/3/2011):

But it’s not like a business, though. It’s a hand-up, not a hand-out. It’s caring for people and, I guess, what I love about Gwyneth’s philosophy is that, you know, it’s like if you think somebody is going to take advantage of you, they will and, so, it’s almost like
restorative justice; that's how I kind of see it.

Both these interviewees are clearly reflecting the philosophy of the organisation outlined in The Manual. As the first said, 'I'm into the “doey” (actually helping women), not just the “hoey” (talking about it), and for them ‘helping’ extends well beyond just giving loans (my additions in brackets).

Similarly, the Coordinator of a big city Branch emphasised the uniqueness of the WLF (interview 20/10/2010):

If this organisation fell over, it wouldn't suddenly be reinvented by another group, I don't think; not easily, not lightly. The niche that we sit in is a small niche, so in any community there aren't that many people falling into that space and so for our organisation, when you look at the effort that's put in, it doesn't meet business efficiency models. They might be effective at what they do, but you look at the dollars and the hours put in and it's like, you only did that!

However, not everyone was equally versed in the philosophy and history of the WLF. One Trustee emphasised her lack of knowledge, while nevertheless emphasising the spirit of the organisation (interview 3/3/2011):

Yes, I only met her (Gwenyth Wright) in 2003 and so when she was explaining the operation of the WLF, I was immediately drawn to the concept of doing something about a constant frustration I'd had for a long time about women and people generally - because women are part of the general population - and so it doesn't stop with them, it fans out to everybody. They were being stopped by lack of money and I found it very frustrating that people couldn't get certain things or certain places because of a lack of money...people
with great talent and a lot to offer society, their contribution is thwarted and then society’s suffering as a result. So the whole thing goes round and round and I thought, well at long last I can actually do something about this niggling frustration I’ve had for many years. Also, women being pivotal as they are and the way they operate, because they go on those lovely fuzzy feelings about things a lot, as well as the strong practical stuff, and they do rule the world in a certain way. And so if we can give them permission to come through, this is a big thing; a huge thing.

I asked a number of newly recruited Trustees if they knew about *The Manual*, but found that their knowledge of WLF’s philosophy and values was most often based on discussions with local, experienced, Trustees, often as a result of going out with them to interview prospective borrowers. Among some Branches there is a regular turnover of Trustees. As almost all Trustees are volunteers and *The Manual* was produced to guide, and not as a prescriptive text to be followed slavishly, the WLF’s ethos tends to be interpreted by long-serving Trustees (who have the leeway and experience to do so) and the philosophy and organisational values are passed on to other, newer Trustees by word of mouth and common practice.

Some new Trustees did not know why, for instance, the organisation was for women only and others, particularly from a business background, didn’t understand the reasons why the WLF did not always come down hard (in true debt-collector fashion) on the occasional woman who had trouble repaying. To echo views that were reported at the end of the previous Chapter, one Trustee observed of her first Trustees’ Monthly Meeting (interview 30/3/2011): ‘they were a bit too easy about the women who weren’t paying and were defaulting on their loans, I thought they should have taken a stronger stand on it. Yeah, because I’m a businesswoman.’

So, there are differences in the knowledge different Lenders have of the organisation and especially of *The Manual*. However, the broad philosophy of the organisation permeated the operations of the Branches, as I observed them, transmitted, for the
most part, by the practices of the more experienced Trustees, although it must be recognised that these older Trustees had themselves been very influenced by The Manual. The Lenders therefore saw the WLF as concerned with helping women in need, through more than financial assistance. Crucially, they saw the WLF as ‘empowering’ the Borrowers, the issue to which I now turn.

6.3 The Lender’s Views of Empowerment and the WLF

In this section I focus on the main theme of this thesis, the extent to which, and the way in which, women are empowered within the WLF. I will show that, in a crucial sense, the WLF is all about empowerment, although empowerment seen in broader terms than financial empowerment. While I asked the Lenders directly about empowerment, it was also a theme which emerged throughout the interviews.

When asked directly about empowerment, the Lenders focused upon how the WLF had helped women. One Trustee’s response (interview 33/3/2011) was typical, focusing on how the Fund helped women move forward:

> it helps individual women, you know, to get past the starting line, like Gwyneth said, and it helps a huge range of women. I don’t think any of the women who have been involved as Borrowers are going to be hugely successful in terms of society’s definition of that, but there’s just that kind of like slender thread of keeping them moving forward and, yeah, getting ahead. Getting ahead and feeling empowered, feeling good about themselves; feeling ‘I can do that’. You know, and ‘what I love’ is that some women borrow more than once.

Overall, my interviews with Lenders highlight ten crucial features of the operation of the WLF that they relate to the process of empowerment within the organisation, which I consider in turn:

- the WLF is a women-only fund;
- there is a focus upon building a sense of community;
• trust between the Borrowers and the Lenders;
• the WLF lends when no alternative funds are available;
• no interest is charged on loans and considerable flexibility is built into the lending process;
• there is a focus upon building financial literacy and debt-restriction;
• they facilitate and encourage saving;
• they offer support, guidance and mentoring;
• they focus upon building the confidence of Borrowers; and
• they also emphasise changing the mindsets of Borrowers.

6.3.1 The WLF as a Women-Only Fund

Lenders emphasise the importance of the WLF’s focus on women. As one Trustee (interview 11/4/2011) put it: ‘I love the idea. Women-only skids my wheels. I love working with women. I’m not the slightest bit interested in working with a man.’ In essence, the argument is that the women-only character encourages women in general to approach the Fund, both because they feel they will be acknowledged and respected and because their problems can often result from the actions of men. One Trustee/Coordinator was colourful in emphasising this point (interview 26/3/2011):

There’s a mutuality of respect that builds up between them and things like that. We’re not talking about women who aren’t intelligent. There is such intelligence out there (...) amongst the Borrowers and just through either sexually transmitted debt or through whatever little hiccup....

SM: What was that you said? Sexually Transmitted Debt?

Yes, STD, from the bloke.

Here, the argument is that a women-only fund helps insulate women from STD.

One Trustee/Coordinator described how she explained the source of the money that
will be given to Borrowers when they receive a WLF loan. Her explanation also focuses very directly on the women-only nature of the WLF (interview 20/10/2010):

(It's) important that women know that they're borrowing from other women. And that it's frequently a) they like that idea and b) it does make a difference to them that they want to repay. They want to respect it and repay the other woman's generosity. So, I think it's important in the way they perceive they're getting the money.

The Lenders emphasise that the WLF is women-only, which they see as a crucial aspect of putting Borrowers at their ease, showing respect and trust, thus developing their confidence.

6.3.2 Building Community

"It's not cold money, it's warm money"
(WLF Branch Coordinator/Trustee, interview 20/10/10)

As was clear from the last Chapter, the WLF philosophy places strong emphasis on building community; another key aspect of relational empowerment as we saw in Chapter 3. As Christens (2010) emphasises, this includes an awareness of being part of both an immediate group and a wider local community, with strong social bonds, which offers security and encourages co-operation, not just individual empowerment. The WLF vision, as expressed by the Lenders, encourages holistic thinking and links Borrowers with a greater whole. This is empowering, as it is not just about being given money, but about feeling they can now get on with what they wish to do, within a supportive environment. As one Trustee put it, this involves using a special structure, tailored for the Borrowers (interview 11/4/2011):

But it's about the scaffolding you put around them (the Borrowers) in regard to everything. So, from the initial contact they have with the Angel/Loan Fund, there's got to be an aspect of compassion and kindness.
And interest, curiosity in them to find out, you know, so that they feel listened to, met and heard. And so that kind of philosophy follows them throughout the whole process.

The Fund therefore is seen by the Lenders as about building a sense of community, based upon respect and trust, so the individual borrower will feel part of a collective group which will support and enable her. This, when linked to the financial support provided by the loan, can help empower her in the way suggested by Christens' (2012) discussion of relational empowerment.

6.3.3 Trust

Many Lender/Trustees acknowledged both the existence of social stratification and power relations in the local community and that they were broadly privileged compared with the Borrowers. However, they emphasised that the Borrower’s trust in the WLF was dependent on developing a relationship of trust between the Borrowers and the Lenders. As such, most Lenders had made a definite decision to become ‘allies’ upon whom Borrowers could count, offering them “friendship” and sharing expertise and contacts.

In this vein, one Coordinator emphasised: ‘I believe in trust, plus backup!’ (informal conversation 9/3/2011). Similarly, another, long-term, Coordinator indicated the importance for Borrowers of establishing trust between Lenders and Borrowers (interview 20/10/2010):

When I’m lending money, I usually introduce myself in the early stages saying that we’re a small community group and that our money came from individual women and it’s really important that our money comes back and goes to the next woman. And, if you miss payments and trigger a letter from me, I will talk about respecting the trust and honouring the trust that was placed in you and that your repayment enables the next
loan to go out to the next woman.

Another Trustee approached the same issue slightly differently. She saw the aim of the WLF as trusting Borrowers to help themselves (interview 24/3/2011):

Well, I like to think the first thing they get is that the reason we’re lending them the money comes to pass, that they’re able to continue in their endeavour, whatever that is, or they complete their training and gain a qualification. So that’s my primary interest; that the purpose of the loan is actually something they see to completion. If their business thrives and goes on, that’s tremendous. And if they’re able to use the qualifications they have gained, you know, that’s great, too.

Here, the emphasis is not on directing women, but on encouraging and enabling them to help themselves. This may be about starting a business, but that is the Borrowers’ decision. This approach clearly reflects the emphasis in relational empowerment on respect and trust.

Overall, the Lenders’ emphasis is on the type of ‘relational trust’ (Ellingsen and Lotherington, 2006) discussed in Chapter 3 associated with the concept of relational empowerment (Christens, 2012). Lenders see the development of this trust and community feeling as contributing significantly to the empowerment of Borrowers. I discuss the Borrowers’ views on this issue in the next chapter.

6.3.4 Lending When no Alternative Funds are Available

The WLF lends small amounts to women who cannot get money from anywhere else, and may be on welfare benefits. As Wright emphasised: ‘The WLF is not a lender of last resort - it lends to all women’ (conversation 3/11/14). However, the Lenders are aware of their relatively privileged status and usually feel an obligation to help those less fortunate.
One Donor clearly understood what a loan means for women who want to try self-employment: 'The giving of a loan makes a Borrower feel valued and that someone cares. It gets them going – their creativity is unleashed – and they can feel they have a flair for something' (telephone interview 20/10/10). Another regular Donor (interview 22/10/2010) gives money towards her local Branch's administration and said she was always: ‘intrigued because The Angel Fund is giving money to people who can’t get it any other way.’ This reflects Gweth Wright’s more direct point in *The Manual*: ‘We are trying to put money where it isn’t.’

The aim is to assist women who are able to pay back, so not exacerbating debt; to enable Borrowers to ‘step out, or ‘get beyond their debt’. This can be difficult if money is lent for debt reconstruction, as one Branch Coordinator I talked to at the 2012 Annual Conference admitted (informal conversation 3/11/12). She was concerned that her Branch had recently taken on too much debt relief and consolidation, but realised that this kind of help was badly needed by Borrowers who were approaching her Branch in difficult economic times.

Sometimes then, the WLF is a lender of last resort, available to those who cannot, or do not want to, borrow money elsewhere. Throughout my fieldwork, the Lenders I interviewed emphasised that the loans provide an important financial step in the process of empowerment for the Borrowers. However, they were only one element in the ‘steps towards empowerment’, reiterating much of the argument in Chapter 3.

### 6.3.5 No Interest Loans and the Flexibility of the WLF

The Lenders emphasised that they were able to respond to Borrowers’ varying needs for specially-tailored help, in contrast to banks, which make many WLF Borrowers feel uncomfortable. One Trustee/Coordinator (personal conversation 5/11/2012) emphasised that she fills in an Application Form with prospective Borrowers, which gives her a sense of how reliable potential Borrowers are likely to be. She also prides herself on varying the time periods for repayment, if required. For example, having lent money for a window-cleaning enterprise, she and her fellow Trustees arranged to delay the start of repayments, until the woman concerned made a steady income. This flexibility distinguishes WLF practice from that of banks.
Similarly, putting herself into the Borrowers’ shoes, another Trustee highlighted the importance of both no interest and flexibility (Interview 23/3/2011):

It’s about finding your own way and paying for yourself to do it. That’s what I love about the system because it’s interest free, so you’re not penalizing anybody, you’re not adding to their burden. It means saying, I need three months off and we’ll revisit it then. Or it can mean, instead of paying ten dollars a week, I can only pay ten dollars a fortnight. Or it can mean all sorts of things. The reason I think it’s important is because it’s about women’s self-esteem, and the knowledge that they have repaid and met their debts is actually really important for those women.

The point here is that Lenders believe that the WLF aims to enable women to help themselves, building confidence in large part because the women are responsible for their debt and its repayment. This sense of confidence is another crucial aspect of the development of relational empowerment (Christens, 2012).

6.3.6 Building Financial Literacy and Debt Restructuring

Lenders were aware of the importance of encouraging women to manage their money. One long-serving Trustee produced a popular Budget Booklet/Questionnaire for her Branch, which new Borrowers were asked to complete when applying for a loan. Gwenyth Wright drew attention to the value for the Borrower of going through and completing this Budget Booklet at the 2010 Annual Conference: ‘Going through the small booklet, the borrower begins to see what her life looks like.’ The point here is that completing the Budget Questionnaire encouraged women to recognise and address the financial problems they faced, which had given them a sense they had some control over their circumstances, again an important aspect of relational empowerment outlined in Chapter 3.

Helping Borrowers restructure debt can also be seen as a way of building financial
literacy. As one Trustee pointed out (Interview 3/3/2011):

(we lent) about $800 and it was for a car; it was debt restructuring. It wasn’t the advancement kind of thing, where she was going to get a wonderful new career or buy a property or anything of that nature, she was just getting herself together as best she could and fixing things up so she could do things. So, there was that about it, but of course you can’t be sure of these things, because they don’t actually spell it out to you, but it was certainly very strongly evident that she had made huge gains in her life, and when we next met her in the street, it was like a different person, a completely different person, clear, confident, happy and fully engaged and really a different person and we were a part of that.

Similarly, another Trustee emphasised that financial literacy often involved preparing Borrowers to deal with other agencies which increased their self-confidence (Interview 11/4/2011):

(we send them to) Budget Advice, but they go to Work and Income, if they need any more. So, just direct them to those rather than leave them without, you know, you can’t give them the money without supporting them.

In the Lenders’ views, increasing the Borrower’s financial literacy often involved helping them restructure debt, which also meant that they were closer to gaining control over their own lives.

6.3.7 Facilitating and Encouraging Savings

There was an emphasis in all the Branches I visited on encouraging saving within the WLF, another way in which Borrowers can assume more control of their financial
affairs and through which the WLF can regenerate. At the 2009 Annual Conference, Gwnyth Wright emphasised that she had always been keen to: ‘get beneficiaries into the WLF as contributors almost immediately. Get them in and making savings, so they can be benefactors too.’ One of the Branch Coordinators commented: ‘It’s that classless, non-hierarchical thing again with Gwnyth – everyone involved in WLFs is important’ (interview 4/3/2011).

This comment indicates an important and effective way in which the WLF tries to ensure that women will begin to feel empowered by their relations with the Fund. In the view of Trustees, if Borrowers can take more control over their finances then that will increase their confidence, an important step in the process of empowerment, as one Trustee and Co-Treasurer of her Branch emphasised (Interview 13/3/2011):

we give these women confidence to make these decisions because we stand next to them. I think what I’ve seen in the last 3 years that makes me excited about this thing is watching women save. I mean, these women have never had a pot to pee in and all of a sudden they have a nest egg and they don’t have to tell their partners about it. They just keep it on the side and it’s theirs. And do you know how much confidence that gives women? Money is power. If you can teach women to save, you’ve empowered them. And it’s confidence. And they walk stronger. And their children walk stronger.

Another long-term ex-Trustee gave an example of how savings may be built up (interview 23/3/2011):

There is one wonderful woman who has borrowed from the fund at least four times. She’d left an unsatisfactory relationship and had brought her children up here and was trying to establish a home for them. Her first loan was, she needed a computer so that she could do some
research, and then she got the opportunity to buy a tent so she could take her children on holiday, camping. And she'd been such an ideal borrower, she paid every week and when she finished repaying, she kept paying. And I think that's been one of the other real successes of our Fund, that when people reach the end, and I don't know if they still do, but we encouraged them to continue paying, $10 a week or whatever.

Here, there is both a recognition that the loans are important, but also of how repaying loans, and saving, can help women's personal development, which the Lenders recognise, marking important steps in the process of empowerment. For the Lenders, saving by the Borrowers, to the extent to which it is possible, gives then greater confidence and a sense that they have more control over their lives, as well as helping ensure the continuance and regeneration of the individual funds; it is the Money-Go-Round in action.

6.3.8 Support, Guidance and Mentoring

Lenders recognised that the WLF is about more than giving loans, the financial step in the process of empowerment. Trustees gave examples of how the organisation provided broader support and guidance to Borrowers. One Trustee (interview 14/3/2011) described how the nominal Coordinator of her local Branch, a professional woman, emphasised that money is not always the principal form of WLF support, and acted upon that view:

She took a family, who thought they would have to leave for Australia to find work but had also come to the Branch for a loan, down to their bank and herself negotiated with their bank manager to re-set their mortgage payments. As a result, they did not need to get a WLF loan or leave the country.

Another Trustee (Interview 13/3/2011) described the help given to a Borrower
preparing to buy a house using ‘dodgy lenders’:

And I looked at the document and just went Oh! My God! Even though she thinks she’s trying to buy this house, this document is going to destroy her. And A had to diplomatically talk her out of that, and she diplomatically did, and arranged it in such a way that instead she built her own house foundations, and we wound up paying for the foundations without this housing document; these ladies are going to have late fees and it will be taken away from them in a second. And we’ve got to stop that, these shyster people, you know.

Here we see how Trustees can, and do, help Borrowers with advice, as well as loans.

At the same time, reiterating a point made in the previous Chapter, Trustees generally reported how constrained they felt, as volunteers, in not supporting Borrowers more widely. Some would have liked to follow-up those Borrowers they had personally interviewed each month, and, if required, arrange appropriate mentoring for those starting an enterprise. In personal conversations at the Annual Conference in 2012, many attendees argued that they should be doing more, but that they had to be practical and refer women to other local sources of specialist help. These Trustees recognised that loans are just one step in the process of empowerment, but that they are not always able to help with other steps.

However, other Trustees had a somewhat different take on these issues. As one Trustee explained (Interview 13/3/2011):

We do three thousand transactions a year. That’s a lot of bookkeeping; a lot of keeping track of things and making sure that we have integrity. The problem is going to be, if you start to focus on too many things, you become a jack of nothing and you need to be a master
of one. And right now, I feel we are the master of one and we do it really, really well.

In essence, as one Coordinator suggested, echoing Wright, it is often about support to help women do it themselves (Interview 11/4/2011):

There’s no point in me doing it all and then they stand back and they go, oh, it doesn’t work. It has to come from them. I’ll stand beside them and walk with them, but I won’t do it for them, I will let them do it. And guide them as they need to be guided.

The three key points here are: for most Lenders, helping women is about much more than providing money, although none deny that financial help is an important step in the process of empowerment; but Lenders see the WLF’s capacity to provide that help is limited; and, for Lenders, the focus is, and should be, on helping women to help themselves, because, for them, developing the confidence of Borrowers is also a vital step in the process of empowerment.

### 6.3.9 Building Confidence

In Christens' (2012) relational empowerment approach, gaining confidence is an important step in the process of empowerment. Many Trustees saw developing confidence as part of a process of personal change, which has resonance with Edwards and Sen’s (2000:209) argument that personal change is the: “missing ingredient (which) acts as the wellspring of change in all other areas”. From this perspective, it is crucially important that the WLF structure supports the individual woman when she decides she has the confidence to move forward.

As noted in the previous Chapter, a key aim of the WLF is to build the Borrower’s confidence. This was echoed by one Trustee (Interview 30/3/2011):

Confidence is a thing that came to my mind when you first asked that question. Money is the tool to gain confidence, to gain so many things so that you will
tackle something. If you didn’t have the money, you wouldn’t have the confidence. You couldn’t have the confidence.

Here, again, this Trustee’s argument is that, while money is a crucial element in building confidence, it is only one of many steps.

Another Trustee developed the other aspects involved in building confidence. She emphasised that the WLF aims to make the Borrower feel valuable and to breakdown isolation, thus building confidence, as elements of a broader process of empowerment (Interview 13/3/2011):

when I signed up, I thought I was empowering women in business! Dun tah dah! Then I met this cute little old lady, Gwenyth, and she had a spirit like nobody I’ve ever quite met. And she had that level of love for these people that we need to walk alongside them. And she taught me about walking alongside them.

She emphasised the point that building confidence involved more than money: ‘It is so not about the money. It’s about the confidence and the empowering and knowing you’re not alone’ (interview 13/3/2011). For these Trustees, the WLF aims to build the confidence and capability of Borrowers.

6.3.10 Changing the Mindset of Borrowers

According to the Lenders, developing confidence among Borrowers often involved changing their mindset. In this vein, an Emeritus Trustee drew attention to the need for Borrowers to develop the capacity to see their way out of difficulties (interview 3/3/2012):

I think it’s somehow about changing their mindset, from feeling at the mercy of life and feeling at the effect of everything. And you’ve got to change them from that feeling, to coming to see that there are things they can
do. The hard part is to get them to move, to actually get them to be willing; and I think there is something that happens when you put their attention out, or when they start moving in a way where they are being of service to someone else. If they are being of service to one of their fellow beings who is also not in a good place, and that person was being of service to them, and there was a whole lot of them doing that, it would move them out, I think, into recognition that they have got some control, or some ability within themselves, to change their situation.

The point made here is that building the confidence and capacity of the majority of Borrowers involves changing the broader attitudes and mindsets. This, in the view of many Trustees, is an important step on the path to empowerment.

Overall, this section has argued that the WLF operates with a commitment to empowerment which recognises that money is important, but that it is only one aspect of, or step towards empowerment. The Lenders I interviewed saw trust between Lenders and Borrowers as another crucial element in the process of empowerment. It is linked to building women's confidence, in the context of a women-only fund, by developing their financial literacy and thus increasing their control of their lives. As I have argued throughout this section this has considerable resonance with the concept of relational empowerment, discussed in Chapter 3.

6.4 Success and its Links with Empowerment

Trustees may think they are involved in a process which empowers Borrowers, but that does not mean that it actually does so. I address this possible disconnect from the perspective of the Borrowers in the next Chapter. Here, I focus on the Lenders’ views of the extent to which they thought Borrowers were empowered. I asked Trustees to give examples of ‘success’, recognising that this is a difficult concept, given that not everyone viewed empowerment, and indeed success, in the same way. Trustees differed in terms of how much focus they placed on the economic aspect of
empowerment, some saw success either in terms of a direct step into employment or, at least, a move into a more sustainable financial position. Thus, for one new Trustee, in a Branch that restricts social lending, broader success involved (interview 24/3/2011):

Yeah, that’s how I envisage the Fund, assisting with getting them through a patch where they’re finding life difficult, and getting them through that to the point where they’re on a path for independence. But in the short-term, success for me is when I do an interview with a woman we lend her money for a particular purpose and she completes the course and repays the Fund.

She provided a specific example, which focused on study as a step towards employment: ‘The last loan I did was a young woman who is studying. And, for me, that empowers her. If she completes that, she has that qualification. It’s education.’ Here, empowerment is seen by the Trustees as involving education, which offers greater employment opportunities.

However, this was very much a minority view. Most respondents had a broader understanding of success, and with it of empowerment. Success didn’t necessarily involve getting a job, or even taking steps towards getting a job. Rather, empowerment was seen as a process involving a number of steps, and any step forward was a success. In this vein, a recently retired Trustee from the same Branch began by arguing that the WLF (interview 23/3/2011): ‘would be successful if it helped only one woman. And every woman it helps, and every family it helps (it) will give stability to. Then that’s just increased success.’ She argued that success is about personal growth and ‘taking the power.’

A relatively new Trustee in that Branch had a very precise understanding of what a successful loan repayment meant to her in terms of empowering women (interview 4/4/2011):
I see the loan as ‘a stepping out’, rather than a ‘stepping up’ necessarily, and it’s the same way I see empowerment really, in that empowering is that you are offering something somehow, in some way, that enables people to be or do something. That enables them to work outside what it is they are having to live with, whether it’s health or children or whatever their situation is, things they cannot change. It is enabling them to move out and about, not above it or beside it, but with it. Taking a greater part in their own self-determination on whatever level they can manage, given their situation.

In addition, she mentioned the effect that the successful lending/repayment process can have on children:

the things that are fixed in their life will stay there and it may mean that they never reach the heights of Anita Roddick or anyone similar. But that’s not how I see it; it’s extended their social world and they’ve gone out and done things and improved their skills and that kind of stuff is great, and for children it’s great, it gives them opportunities to not be held back by whatever fate has provided for them up to that point.

Another new Trustee, from the same Branch, was also precise about her understanding of empowerment (interview 30/3/2011): ‘I think what it means, when I think of empowerment, I just think of something that enables somebody to do what they want to do. It’s an enabler that allows somebody to do, to have the power, freedom, to do what they choose.’

All these quotes reflect a view that the ‘success’ of the WLF should be assessed in terms of Borrowers taking steps towards empowerment that involve loans which allow them more space to take decisions, and exercise some choice. However, they
do not necessarily result in employment or steps towards employment. Often, for the Lenders, increasing Borrowers’ confidence, by building trust and respect, is itself an important step in that process of empowerment.

The majority of Lenders saw these steps towards empowerment as being linked to a strong sense of community, both within the WLF and more broadly. A long-term Trustee/Coordinator took up this theme when asked about WLF’s successes, while I was shadowing her in her local community. She mentioned the ‘holistic’ and ‘linking’ nature of community relationships which in many ways matched the nature of women’s lives (interview 7/4/2011):

Well, we’re in the community. Because it has been going for so long now. You know, we went in to Savemart today and I grabbed some sun filters. We met a young man there. Now, his wife has been a Borrower. I was asking how old the children are. Well, the baby was now nineteen or something. So, what’s that? Ten, twelve years later, we’re friends, you know. She’s doing wonderful work at (a prison). Fantastic. So, if I’ve got a woman whose partner is in (that prison), who’s having a lot of problems, who am I going to have a chat to? To find out whether this guy is just a total user or whether he’s got, you know: what’s the story here? It’s all supporting here. That’s right.

This is a good example of how Lenders saw community and empowerment as linked. As we saw in Chapter 3, a central focus of relational empowerment involves building community links in a way which helps people become more resilient. It resonates with the idea of relational empowerment and acknowledges the former as a crucial factor in building the latter.

A big city Trustee/Coordinator presented a similar view, based on her own experiences, about how to encourage networking opportunities and an accompanying sense of community among her Borrowers. She pays for a site at an established
event, which appeals to women borrowing to start what she calls ‘hobby businesses’ (interview 20/10/10):

The thing that has worked best recently, or has been the easiest, has been going twice a year to the Body, Mind & Spirit Festival and having two neighbouring sites. So that there’s enough room for me to put up information about the Fund and enough room for four or five Borrowers to have part of the sites, to display what they do. When we do that there’s workshops going on during the day and then you get the changeover between workshops and you’ll have suddenly a lot of people coming around having a look at what’s going on. But it means that, when it’s a quiet time, the women get together and they look at each other’s goods and they’re very supportive of each other.

Sometimes, for the Lenders I interviewed, the process involved in asking about a loan can be positive and empowering for Borrowers, even if no loan is made (interview 3/3/2011):

We had a lady who came to us who needed this money; I can’t even remember what it was for to be honest. I think she was in her 50s. I’ve got a feeling that there was some illness in the family and she needed to buy an air fare or something. What we did was, we asked her: ‘what do you think is possible for you to do yourself. Do you think, as you sit here, that there is anybody out there that you could approach, within your family, your friends or people that you know or anything like that, that you feel you could go to and ask for help?’ And we told her to go away and come back. It was kind of hard, but she did that and she actually didn’t need the money in the end. So that felt
like we empowered her, so that she allowed herself to be vulnerable enough to actually go and ask. That sort of thing we do often do in our interviews, we do explore those things, depending on how much they want, they may be able to go and get half of that money from somebody and borrow the other half from us, but putting themselves into a position where they're prepared to be vulnerable enough to go and ask somebody that they actually know; that actually is an empowering thing for them.

Here, the Trustee is operating with a view of empowerment which emphasised the fact that this potential Borrower had taken more control over her own circumstances, as a step towards empowerment.

She also outlined what inspired her about being part of a Borrower’s empowerment process (interview 3/3/2011):

We’ve had huge success with certain people who’ve been in a debt cycle most of their life, because we insist that they pay the money back. *(That)* is our way of keeping alongside them and sometimes it means lending them some more money, ‘cos something else has cropped up and then we get them back on track again and, eventually, they’ve paid it off and they can’t believe it. They’re absolutely blown away that they’ve paid this money off and then they’re into saving, ‘cos they want to do it for somebody else. Their viewpoint has changed around from spending their money before they get it each week, to actually having some money somewhere that’s their money, that they can use. It’s a very empowering thing when they do that. And you see those people, they’ve got children, so that will be passed onto the children too.
I guarantee it. They'll want the kids to know that they can do it too. And they’re wonderful for anyone else who’s in that situation because they’ve actually done it, so they can speak to them from that place (saying) you’ve got to be willing to knuckle down and do what it takes but you can do it. I did it, so you can do it. I like this, when you can make a change in a cycle like that.

Here again the emphasis is upon the Borrower developing confidence and recognising that she has taken more control of her life; in this Trustee’s view an important step towards empowerment, but not one which involves a move towards employment.

However, some Lenders were reluctant to talk of empowerment, even where they felt they had had some success. Thus, one Trustee preferred to talk of bringing ‘hope’, rather than ‘empowerment’ (interview 25/3/2011):

The word that springs to mind, but it sounds a bit over the top to me, would be hope, I suppose. Hope. It’s given them hope. Because a lot of them have been all over the place trying to get money for something or other, and it’s just not there. And although it’s a small amount in the great scheme of things, I think it’s just given women hope. And it’s also, when you know that it’s run by women, you don’t feel quite so... No, I can’t think of the word but when you go to a bank and you’re sitting there in front of a man and he’s asking you....

Another long-term Coordinator was particularly forceful: ‘It’s a word (empowerment) I don’t use anymore. What I’ve tried to do is actually drop any (words) that sort of have any idea of military or - I’ve tried to drop all of those words out of my vocabulary.’ She argued for an individual response involving understanding for people and situations (interview 26/3/2011):
Drop empowerment. My definition is Love. And if you need to expand it, compassion, empathy. Stepping back once more through awareness and understanding. Moving to that place of Love, because you start with yourself. I'm one person. Love is what governs. Am I empowered? Would you say, looking at me, I'm an empowered woman? Am I sort of fairly indestructible? So, I think empowerment is out. I think Love has to come in...

While this shows that not all Lenders were happy to talk of empowerment, these two Lenders were discussing aspects of the process in ways that are associated with the idea of empowerment. Linked to respect and trust and the development of confidence, they are crucial aspects of relational empowerment.

When asked for 'success stories', Trustees claimed they were sometimes pleasantly surprised. One gave an example that meant a lot to her (interview 4/4/2011):

Yes, I've got a lovely one. A woman who didn't meet the criteria and who we were extremely concerned would not be able to pay back, just because of her circumstances, not because we didn't think she wouldn't want to or anything. She needed to get out of the situation she was in and she had three lovely children. And after considering it quite a lot, in the end we decided to go with it and gave her the loan and I remember her saying to me “you do not know how happy you have made three little children”. That woman has never, ever defaulted and I just know that she could easily not have got it, even from us! And I know that it put her in a position that was just so superior and it was just so much more enabling for her to get on with her life and do the things that she was not able to do; that's one of the plusses of the organisation.
A WLF Supporter who regularly refers women to the WLF through his community advocacy service offered another example of how trust builds through the MCP and empowers Borrowers (interview 16/3/2011):

I think of one client who came through here a few years ago, and she was on the Domestic Purposes Benefit with a single child and couldn’t find employment. The benefit wasn’t enough to live on and she wanted to get a job. And she said, if I can get some money together, I could actually start my art work again. I said ‘what do you need the money for?’ And she said, ‘canvasses, paints, all those bits and pieces.’ So, we suggested the Angel Fund. She approached them, and I can’t remember how much money she got, but we explained how the process worked. They would lend her the money, she would pay it back and continue paying it, no interest, to help other women keep the Fund going. And she approached them and got the money. She got the canvasses. Phoned me about fifteen months later to say that she was off benefit and was making money from her art work and was still paying into the Fund. And, as far as I know, she’s still paying in there and she’s still doing her art work.

These are modest successes, but not negligible ones. They reveal three key points which are important for my argument about the extent to which the WLF efforts are successful in empowering Borrowers. First, the WLF’s ‘successes’ are not large-scale and heroic. In this vein, Gwényth Wright, when asked some years ago for WLF success stories (New Zealand Listener, August 1995), mentioned ‘qualifications gained’ and small enterprises that ‘still exist.’ She said ‘It’s small, unheroic stuff’.

But, more importantly, she also commented that women often ask for extra time to repay loans and that ‘Things happen in the lives of women – relationships break up, children get ill, businesses collapse - but usually Borrowers come through with the
money in the end.’ She was under no illusions about the demanding nature of trying to help disadvantaged women, or those who have fallen on hard times, because, as I have shown, there are often so many facets to their disadvantage. WLF small loans are typically $500 and rarely more than $1,000, but Wright was clear: ‘The finance houses may laugh at us. It’s small and a bit Mickey Mouse. But women can do a lot with $500’ (New Zealand Listener, August 1995). The Lenders I interviewed were attuned to the unheroic nature of the contributions that the WLF makes.

This leads to the second point. ‘Success’ cannot be measured merely in terms of access to employment or financial progress; the WLF’s role is not just about providing money. As we saw in Chapter 2, much of the work on empowerment and microcredit, particularly in the developing world, is framed mainly in terms of economic empowerment. The Lenders I interviewed saw empowerment, and thus ‘success’, more broadly and could point to many examples of small successes, which were not directly economic.

Third, in talking about empowerment and success, most of the Lenders emphasised the progress Borrowers made in the context of a supportive atmosphere and practice, both within the WLF and more broadly in the community. This is a key feature of relational empowerment as articulated by Christens (2012).

6.5 The Future of the WLF: the Lenders’ Perspective

Building upon their successes, many Lenders had clear views on future challenges. Here, the main emphasis was on better communication, between Lenders and Borrowers, which was seen as crucial to establish trust, an important feature of relational empowerment, and between Branches, which was seen as important for exchanging best practice, sharing ideas and breaking down isolation. Overwhelmingly, time was seen as the main constraint in terms of making what they saw as necessary changes.

6.5.1 Links between Lenders and Borrowers

The Manual emphasises the importance of trust, without which it is impossible to build social relations and foster the sense of reciprocity which this process of lending
requires. As noted in Chapter 3, Ellingsen and Lotherington (2007:13), writing about a Norwegian MCP, Network Credit, argued that women are not trusted with credit and reliable repayment by the mainstream banking community. Consequently, trust is more likely to be developed within women-only groups. There is a vast literature on trust, which I briefly examined in Chapter 3. There I focused upon Ellingsen and Lotherington’s discussion of ‘relational trust’ which is ‘based on closeness, acquaintance and co-operation’ and ‘develops through, co-operation and negotiations’ and which I considered consistent with the concept of relational empowerment. Here, I want to examine Lenders’ views about the way in which greater trust within the WLF involves developing closer relationships between Lenders and Borrowers.

One new Trustee, who had no knowledge of The Manual’s discussion of trust described in the last Chapter, emphasised the need for a closer relationship between Lenders and Borrowers at her Branch (interview 30/3/11):

I suggested that (in the Newsletter) she (the Coordinator) put a list of all the Trustees and who they were, because most people wouldn’t know who they are. I think she’s done that. But there’s more to it than that. I’m not sure what it is. There’s a gap there somewhere. I’m not sure what would be good. Maybe some sort of dialogue about what is the whole point.

Here, she is arguing that the WLF would benefit from closer contacts between Lenders and Borrowers.

A newly-recruited Trustee made a similar point (interview 24/3/2011):

I would like to be able to communicate the community side more. I don’t know about other Funds, I don’t know if this is true or not of X Branch, but of the people I have interviewed, there isn’t often that idea of a community. There are people that we’ve lent to,
they've repaid the loan and that's the last contact. They probably get our Newsletter, actually I'm not fully aware of the contact they have with us.

She was also aware that she might make more effort to contact those Borrowers she herself had interviewed for loans:

Personally, I would like to improve my connectedness to the Borrowers. I'd like to make more effort to make contact with the person as they're repaying. You know, every day I think to myself, Oh! I interviewed that person six months ago, let's make contact again. I don't do that.

The point here is that, largely because of time constraints, WLF Branches often struggle to develop the sense of community within the organisation which many think is crucial, and is an important aspect of relational empowerment.

When I asked one long-serving Trustee if she thought that the prospective Borrowers realised they could get a lot of practical help from the organisation, as well as money, she said (interview 14/3/2011):

I don't think in the beginning that they do realise that, but we try and push that vision to them when we're interviewing them. Whether they take it up or whether they're capable of taking it up, I don't know, because, after you've been in four generations of not having vision or goals it's really hard to suddenly change.

This last comment illustrates how Lenders attempt to empower Borrowers, and she continued in that vein: 'but we keep on with every Newsletter we send out, and I think there are three or four a year, we keep on contacting them to let them know they're still valuable' (interview 14/3/2011).

More self-critically, she argued that there should be closer contacts once a loan is
It's my belief that, when we make a loan, we should be contacting that person that we've lent to at least once a week, at the very least once a week, either by phone or a visit or a text. But because we're all busy people, that doesn't happen. And so the person that's got the loan thinks, oh well, they won't worry if I miss a payment.

This again shows an important tension within the WLF. Most Lenders recognise that closer contacts with Borrowers would engender more trust and confidence among Borrowers. They also try to encourage that sense of community in their lending practices. However, they are limited by the time they have available, given it is a small-scale, voluntarily-run, organisation.

However, other Lenders were cautious about developing such links. For example, a Coordinator/Trustee argued (interview 20/10/2010):

(I'm) very cautious about bring(ing) Borrowers and Lenders together. The reality often is, while a few crossover, often they're separate groups of woman and I don't always know the women who put the money up. I don't know them well enough, even though I want them to be thanked for their generosity to always risk putting a Borrower in front of them, who might be, it might be a bad experience for them.

Another Trustee made a more practical point about what had happened at her Branch (interview 23/3/2011):

I don't think there's anything you can do about it. But, several times we sent out invitations to everybody, Borrowers and Angels alike. Come, we'll, you know, have an annual meeting. And we all baked furiously,
brought along morning tea, and only the Trustees turned up. That happened twice. We got nobody else. The time of the conference here, we did it again, and we actually specifically phoned up a number of Borrowers and asked them to come. And phoned up some of the Angels as well, and we did get another sort of half dozen but that was all. So, yeah, it’s hard.

So, some Lenders do acknowledge the practical difficulties in closer links between Borrowers and Lenders, while others acknowledge that some Donors may not want such exposure. To explore this issue further, we need to listen to the voices of the Borrowers, a task undertaken in the next Chapter.

Overall, the main point here is that most, but not all, Lenders emphasised that closer links between Lenders and Borrowers would benefit the organisation, by developing a greater sense of community within the WLF and strengthening trust.

6.5.2 Links Between the Borrowers

If Lenders believe that links between Lenders and Borrowers need strengthening, those between Borrowers are almost non-existent. The Lenders were aware that Borrowers with enterprise-related loans were interested in networking with women in a similar situation, so they could mull over problems and compare notes. However, a number of Trustees identified the difficulty Branch Trustees would face giving out information on who is borrowing. In this light, some did suggest that Borrowers could be encouraged to organise their own get-togethers, via a Newsletter.

A Trustee/Coordinator who had also been a Borrower highlighted this issue. She believed that getting Borrowers together might need some impetus and was aware that she would be in a good position to facilitate this type of networking (interview 25/3/2011):

I’ve actually just been going through in my head some of the Borrowers that we have at the moment and thinking, I could get together with those women because
I think it would be useful for me and it would probably be useful for them. Even when you talk to someone and just say, ‘Oh! Man it’s tax time and I promised myself that I would keep a proper record this time, keep it all up to date and now I’ve got to go way back.’ And they say, ‘I know, the same thing happened to me’ and you go, I thought I was the only one in the world, you know. So, even just things like that. It’s like when you have a new baby and you take them along to a playgroup and you go, mine doesn’t sleep and she goes, mine does sleep, or whatever.

Lenders recognise that any attempt to bring Borrowers together would be difficult, even though it would strengthen the feeling of community, crucial to the idea of relational empowerment. It would also strengthen the meaning of Membership discussed in the last Chapter.

6.5.3 Closer Relations Between Branches

If there are limited links between Lenders and Borrowers and among Borrowers, Lenders also discussed problems with the coordination between the Branches, The WLF Branches are spread throughout New Zealand and operate independently, but share many organisational values and the distinct philosophy reflected in The Manual and discussed in the last Chapter.

One Trustee/Coordinator was particularly concerned about the looseness of the links between Branches (interview 11/4/2011): ‘Is there a need for them all to be more cohesive and more under one umbrella?’ She continued:

We’re isolated. Completely isolated. But, I wonder whether we need to be coming from a point where we have one body and different Branches as opposed to everyone rowing their own waka, so to speak, and none of us really getting it right.
An Emeritus Trustee in a ‘busy’ Branch also emphasised the need to develop closer relations between Branches (interview 3/3/2011):

It’s too big a deal, you can’t do it in a city environment like we do it here, because it’s just too vast and I think each area has to look at what the requirements of that area are, what sort of people are they working with, what are the needs of those people. In all these suburbs, it’s getting the people that are interested in being involved in running something like that together. I think we need to do a bit of a drive on initiating some new groups and from that there may be some more energy that comes into the whole thing, it may become more vibrant, you know, sharing ideas and seeing what’s working and maybe there does need to be, even though they’re all run independently, some communication between all the different Branches (and not just a Newsletter!). Some commitment to be able to feed off each other, so that you feel you’re not just on your own. Yes, we’re lucky here because we’ve got a group of quite dedicated people and it’s easy for us to just keep going and re-motivate ourselves, because of the way it is here.

These two quotes reflect the sense of isolation felt by some women involved with the Funds, which has a great deal to do with the fact that Trustees are volunteers and have time constraints. This means their efforts to provide help beyond loans and to foster a sense of community, both crucial aspects of relational empowerment, are constrained.

6.5.4 Time Constraints

The Lenders viewed time as the main constraint on their activities. Trustees who wanted closer contacts with Borrowers always mentioned time constraints, in large
part because of their status as volunteers. In this vein, a long-standing Trustee argued (interview 14/3/2011):

it isn't the money, it's the time. I mean, I think all of us are glad to do this in a voluntary way without any payment. It's the time factor, because most of us have got, I mean, when I began in the WLF, I belonged to 17 different voluntary organisations (in this town). I've knocked a few of them back now because I'm getting older, but, if you belong to that many organisations, you haven't got that time to do, and I know that it's important, that weekly contact. Even if only, 'how are you doing?' You know. 'Are you managing OK? It doesn't have to be, what are you doing with the money? It's, how are you doing?

The point is that these constraints restrict the Lenders' ability to fully deliver on the WLF's aims in relationship to empowerment, particularly in terms of developing a sense of community.

A new Trustee from another Branch had similar views about who should be a Branch Trustee (interview 30/3/2011):

you also want a woman who's got some time. Not an over-committed woman. And that is what I think is the big problem with many of the women that are on the (Committee). Most of them are working full-time.

The Coordinator's job is particularly demanding, requiring a wide range of skills (social and administrative) and even the paid Coordinator in a city Branch only worked officially for 13 hours per month. In fact, she did much more and argued (interview 20/10/2010):

The breadth of things that you do is huge, from the warmth and the taking time to listen when you first
meet people to get a sense of them and what they want to do and where they’re going, through to monitoring the payments and following through with that person. So that, on one hand, you’ve got to be firm that the money comes in and, on the other hand, you’re also wanting to create a warm community of women that can, wherever possible, support each other. And that’s probably, in a bigger city, that’s probably the hardest thing I find. Whenever you think you’ll do something and you ring round a few people, the first four people are all available at completely different times.

Overall then, the Lenders had clear views about how the WLF could be improved. The key point continually raised concerned better communication, notably between the Branches, but also between the Borrowers and Lenders and among the Borrowers. In all cases, the main issues were the limited resources the organisation had and the time-constraints faced by everyone who was involved in running Branches. This is a perennial problem for small, locally-based, voluntary organisations. It also restricted the Branches’ ability to develop community and deliver non-financial support to Borrowers. Each of these problems militates against establishing the most effective environment for relational empowerment.

**Conclusion**

This Chapter has concentrated on the way in which the WLFs’ Lenders view the organisation and the extent to which, and the ways in which, it empowers Borrowers. Some Lenders emphasise that concern for women and their social and economic situation is at the core of the organisation’s concerns. They are passionate about working for, and supporting, a women-only initiative. Some realise that there are different lending foci between the Branches, but appreciate that the idea of ameliorating the disadvantage of women is common to all involved. They are reassured about this when they meet women from the other Branches at Annual Conferences. Overall, for Lenders, the WLF is all about empowerment, even if some do not like the term. However, the Lenders’ understanding of empowerment goes
well beyond a focus on employment and economic progress. It is more in tune with a form of relational empowerment, which involves much more than the giving of loans. It involves the development of respect and trust and the linking of the WLF into the community. It also involves a sense of transformational power, in the sense that Lenders are aware that inequality is at the root of the disadvantage felt by many of the women who need the WLF.

For most Lenders then, the organisation is rooted in a sense of community, both within the organisation itself and within the town in which they live. For them, the WLF involves an awareness of collective, rather than just individualistic, values, which Trustees strive to encourage. The aim is to empower individual women, but within a broader local community. Borrowers are encouraged to seek support from the community, as well as from the WLF. As we saw, there is a feeling that Borrowers might support each other more, but Trustees also felt that they should do more to facilitate this process. However, Lenders have various ideas on how to set this in motion. It is difficult to create a sense of community between Lenders and Borrowers within a Branch, given limited human resources, but an atmosphere of respect and support is sought. Lenders felt that Borrowers do not find it easy to ask for money and the physical and psychological facts of having to do so divides them from the Trustees who interview them. Many Trustees would like to improve their connectedness with the Borrowers and follow their progress more regularly. However, time is a constant constraint, especially for those Trustees who work full-time. Overall, the Lenders are committed to a broader view of empowerment in which the success of the WLF should be judged not simply in terms of steps towards employment, but also in terms of steps to empowerment which involve the development of respect, trust and confidence among the Borrowers.

There is therefore a general consensus among the Lenders about the importance of empowerment for the Borrowers and an acknowledgement that it takes many forms. Successful lending is seen as constituting empowerment for individual women who can be enabled to take a ‘step out’ of their restricted lives and move forward, whether that involves an eventual emergence from debt, taking up a hobby, planning to start an enterprise or sending a child on a school trip. As emphasised, empowerment is
usually seen as involving much more than merely lending money. Rather, for most Lenders, it is about a process for developing and encouraging a sense of trust and community, involving the generation of collective, rather than individual, values. One problem with this however, as we have seen, is that this success is difficult given limited financial and human resources. These ideas about the relationships between community, trust and relational empowerment will be considered further in Chapter 8, after a consideration of the experience of Borrowers and their views of the organisation and empowerment.
Chapter 7. The WLF: The Borrowers’ Views

In the last Chapter I focused on the Lenders’ views of the WLF as a microcredit organisation, its guiding philosophy and aims, along with the extent to which, and the way in which, they saw Borrowers as empowered. In this Chapter, I focus on the Borrowers’ views of the WLF and empowerment; an important issue which has been ignored in most of the literature on MCPs, as we saw in Chapter 2. This analysis will also allow me to identify, here and at more length in the next chapter, any differences between the views of Lenders and Borrowers. This is a particularly important question, given that the WLF argues that Lenders and Borrowers are ‘in it together’. It will therefore also allow me to assess the extent to which the WLF practices what Christens (2012) calls relational empowerment.

This Chapter is divided into a number of sub-sections dealing with a series of themes which emerged from my interviews, concerning the Borrowers’ views of: i) the WLF’s underlying philosophy and principles; ii) the women-only focus; iii) its focus on Borrowers; iv) its awareness of the Borrowers’ lived experience; v) the provision of no-interest loans vi) the Money-Go-Round concept; vii) its commitment to local, low-key, non-bank lending; viii) its focus on encouraging saving; ix) its operational flexibility; x) the provision of mentoring; xi) the role of networking; xii) the importance of confidentiality and anonymity; xiii) appreciation and trust; xiv) respect and encouragement; xv) confidence and self-belief; xvi) feeling comfortable and at ease; xvii) community and belonging; and xviii) relationships with Trustees. These aspects of WLF practice, which were highlighted in the last Chapter, are designed to provide a context within which women can aim to begin the process of empowering themselves. Here, I explore whether Borrowers think that the WLF achieves these aims.

7.1 The WLF’s Underlying Philosophy and Principles

The Manual lays out the organisation’s values, but the Borrowers’ experiences of those values came mainly from interaction with the Trustees who ran their local Branch. Many Borrowers understood, and responded positively to, those values. For
example, a first-time Borrower from the NI Branch saw herself as part of something quite ‘extraordinary’ (interview 7/3/2011):

I see it as probably a God-given type thing. Because only God would come up with something as awesome as that. Really. You think about it. Because people are just getting stood on all over the country and all over the globe, you know. And these guys have come up to help and indeed they are angels.

*SM: So you’re part of something that is quite...* extraordinary really

Similarly, another first-time Borrower from the SI Branch understood how the WLF’s philosophy is applied through microcredit (interview 29/3/2011):

And not many people are going to give you money and not expect anything in return, pretty much, you know, they don’t want any interest and they’re also offering support and advice. If you ever needed to ring them up, or whatever, you could, you know.

As we saw in Chapter 5, the WLF model claims to be structured specifically to empower individual women in a collective context; to be supportive, rather than directive, in intent. One Borrower explained the feeling this engenders (interview 14/3/2011):

But it’s that amount that’s solely given to you, for you to do what you want to do, or what you need it for. It’s not given with any strings on it. The no interest, the low payments, the flexibility; and that’s the money side of things! You know that you’re paying it back but you know you’re paying it back at a very low payment, which is easy to manage, unless you get in real
difficulty, but then there's flexibility. You know you're not going to get charged a huge amount of interest, any interest, and you know that the people that are sitting in front of you, that have the ability to loan you that money, are really interested in what you're doing. You don't have to feel that you're having to be something, someone, you're not. You can be yourself!

These quotes reflect the general pattern I found whereby Borrowers were broadly positive about their experience of the WLF.

While not all Borrowers grasped the detail of the WLF's philosophy, almost all understood the spirit. As one serial Borrower put it (interview 3/3/2012): 'It's not just about the money. It's about the people.' This is a view Borrowers shared with most Lenders, as discussed in the last Chapter.

7.1.1 The Women-Only Focus

Like the Lenders, Borrowers appreciated the fact that the WLF was a women-only initiative. For example, one Borrower emphasised how hard it had been for her to find any financial help and support, as a result of her isolation (interview 8/3/2011):

It's a really wonderful thing for women that it's there. As a single parent, even not as a single parent, but a woman on your own, sometimes you feel very alone. There's just nothing out there to help you, the more you try and get ahead and do better for yourself; there's just nothing out there to say, look, come on, you're doing really well, or what can we do to help you?

In this vein, a Maori Borrower (for social purposes) emphasised (interview 10/3/2011) 'the lack of value that you feel, especially as women' and, when asked about her view of the WLF, said: 'Well, and I just thought about that; it's just a bunch of empowered women, really.'
Another social purposes Borrower liked the feeling of being part of something ‘special’ (interview 14/3/2011):

They are absolutely wonderful. And I’m proud to be able to be a part of the group. It’s good, because it is women-orientated, it’s just something special for us because we don’t get ‘special’. We’ve never had ‘the special’, you know. And the men always get all of the dough and we’re always on the backburner and on the back foot. So, yeah, for that reason it’s good for just us.

One young Borrower had a loan from the WLF as part of a package with other local lenders and was able to compare them (interview 29/3/2011): ‘The Enterprise Loan Trust suggested it (The WLF). Initially, I borrowed $1,000 (no interest) and it was awesome - being women-only’.

For all these Borrowers, the women-only nature was crucial to their experience of the WLF as a supportive context within which they could get help. Support was related to trust and respect, crucial aspects of relational empowerment.

Another serial Borrower elaborated on the advantages of a women-only organisation. She argued that being a woman dealing with other women promoted trust and a feeling of belonging (interview 25/3/2011):

And it’s also, when you know that it’s run by women, you don’t feel quite so, no I can’t think of the word, but when you go to a bank and you’re sitting there in front of a man and he’s asking you, not all men, you know. It just makes you feel less vulnerable I guess, or something like that. Because you can relate to the person being a woman yourself; I think that’s it.

Women Trustees are also ideal people to act as role models, a point emphasised by Cornwell (2014), who sees this as an important aspect of empowerment. Trustees support and guide Borrowers, because they tend to have good contacts and liaison
skills and have taken on the voluntary role because they want to help. One young Borrower emphasised the advantage of having women, who in her view were already empowered, as role models. She also thought that gaining the Trustees’ confidence was, in turn, empowering for her as a Borrower (interview 14/3/2011): ‘So, to be able to go and borrow that little bit and have the full confidence of those women, that I know have done so well in their lives. You know, look at them, they’re so confident.’

Another first time Borrower (interview 11/3/2011) emphasised that the Trustees’ help had gone beyond the loan, reinforcing the point that the WLF is not just about the money:

Well, at the time, I thought it was just about money. You know, there’s a lot more to do with the loan than money. They help you in all kinds of ways, cheaper ways for you to live. Like, she gave me addresses of the community gardens, op-shops and all that sort of stuff. Just things that you can do for free, not having to spend all this money, and you can save.

Here, the Borrower saw this non-financial support as helping her develop confidence and independence, a crucial step towards empowerment, if we see it in relational terms.

The issue of solidarity between women also emerged in the interviews. According to one serial Borrower (interview 7/3/2011), women understand each other: ‘Because only women know what women go through.’ This stance was also taken by a respondent who had been a Borrower, Branch Coordinator and Trustee, and thought she soon would become a Borrower again (interview 25/3/2011): ‘Like there’s things that women know and do, and I don’t want to be against men, but that they just don’t know, and there’s this lovely sense of being a woman around other women’. These Borrowers are again emphasising the importance of empathy, a crucial aspect of relational empowerment.
A Maori Borrower also emphasised that women can empathise with one another because of their shared lived experience (interview 7/3/2011):

I'm very sensitive. I respect people so tremendously and I go with my heart for them and if we're on the same communication level, being women, we all understand one another's circumstances. And that's why you may be, well, younger, maybe, but we all go through circumstances. And we've all, once upon a time, all of us might have needed a little bit of help and support somewhere.

Almost all of the Borrowers I interviewed thought that the women-only character of the WLF was crucial, making the organisation more approachable and understanding. This was a view clearly and strongly shared by the Lenders, as we saw in the last Chapter. In addition, as already indicated, the Borrowers thought that the mainly middle-class women who were Trustees were empathetic, rather than superior, an important element in a process of relational empowerment discussed in Chapter 3.

7.1.2 The Focus on Borrowers

All WLF Branches strive for informality and simplicity in their procedure and documentation. I was regularly told by the Lenders that the aim was to help women, rather than to scare or judge them. This was appreciated by most Borrowers. For example, one Borrower for social purposes appreciated how she was given the money she needed at her initial interview, through filling-out simple, unintimidating, forms (interview 8/3/2011):

I had to fill in the forms and I had to fill out like a budget form, to say what my income was, what my outgoings were. I was fine. I had nothing to hide. The fact that they were there and I could see they genuinely were trying to help me, I did not have a problem
with filling out these forms.

Another aspect highlighted by Borrowers was the Trustees' willingness to visit women in their own homes, if it was easier for them, to organise their loans or to hand over a cheque. One first time Borrower, who was embarrassed at having to ask for a loan, emphasised this point (interview 7/3/2011):

I went to see them and they came to my home and we had discussions. And when I asked for my first one (loan), I felt a little bit embarrassed. So, (the Coordinator) said to me, don't feel that way, we are here for you.

Yet another first time Borrower (interview 11/3/2011) felt comfortable with the home visit: 'they came to me, two of them. Yeah, and they were just lovely ladies. And then that was the end of that. I didn’t mind them being there.'

I accompanied a Coordinator/Trustee on one of these visits to a serial Borrower's home, over 40 kms from the Branch town. The Coordinator went off to do some work in her car, so we could talk. The woman had borrowed and repaid $500 twice and now needed a third loan: 'Yeah, I borrowed for that...and that was really important. And they rushed it and did it, you know. It was great.' Our exchange then continued (interview 9/3/2011):

SM: the way C came in here with the chequebook

Yeah

SM: and with all the documents ready, and simple documents

Yeah

SM: and then you had a copy

Yeah
SM: and then you have the cheque immediately

Yeah. What bank would do that? No, I won’t go anywhere else. It’s just, I won’t.

The Borrowers I interviewed, like the Lenders discussed in the last Chapter, felt that the WLF responded to their needs and that was reflected in my more limited experience of shadowing Coordinators. The emphasis was on open, empathetic, engagement and the Borrowers fully appreciated that approach. Such responsiveness and empathy are crucial aspects of relational empowerment.

7.1.3 Awareness of the Borrowers’ Lived Experience

As noted above, the WLF’s philosophy of microcredit involves providing appropriate support, rather than simply lending money. Because women have varying access to resources, their needs also vary. Borrowers, like Lenders, understood how circumstances may vary, for themselves and others. This also enhanced empathetic feelings between Lenders and Borrowers.

One woman I interviewed had been a Borrower and a member of her Branch’s Management Committee, so she had viewed the organisation from many angles (interview 4/3/2011): ‘I kind of became a Borrower then a saver, Borrower then a saver. So, that’s been my pattern’. When she became a Borrower, it was not possible for her, concurrently, to remain a Committee member in her Branch. She had also run a local voluntary organisation for the disabled, had referred women to the WLF and been involved in organising occasional awareness-raising events for the WLF. Having experienced vulnerability herself she explained why she had taken WLF loans: ‘I’ve gone (to the WLF) to pay bills and things so that I’m not struggling and worrying myself sick about being able to make ends meet.’

One first-time Borrower, about to launch her own enterprise, was especially appreciative of the fact that a particular Trustee with whom she was dealing had also been a Borrower (interview 29/3/2011):

But it’s sort of a feeling like, you know, just talking
with R and that. Like, she's been there and done that sort of thing, you know, she started here in business and, you know, she was a Borrower herself you know.

Here, the Borrower's view was that a relationship involving trust and respect was aided by the fact that the Trustee understood, and had experienced, a similar situation.

Some Borrowers are more reticent about asking Trustees for specific help or guidance or visiting them in person. As one first-time enterprise Borrower emphasised (interview 1/4/2011):

Like if I would read that in the Newsletter, for example, I would. I wouldn't just ring them up and say, do you do that? I would only do that where they advertised it and say this is what we're doing.

A woman involved with the WLF in various roles for many years pointed out that women who arrive in a new place not knowing anyone, or who become isolated as mothers with young families, can apply for loans, and, even if the WLF Branch cannot help appropriately, they will refer the woman on to others in the local community who can:

This Branch, it's more like a family in a way. Everybody's really caring about each other. But, they don't just lend out money to women, they mentor them. So, it's not just about finding out how much debt they're in, it's referring them to any other appropriate organisations that might be able to support them in the rest of their lives. So, you know, women who are perhaps having budgeting problems, or mothers with young children, who are lonely and may want to make friends with other mothers and things like that (interview 4/3/2011).
This respondent’s experience was especially pertinent as she had been both a Borrower and a Lender, so she was particularly conscious that the organisation focused upon helping women who were, most often, disadvantaged.

As noted previously, the WLF does not lend large sums; most loans are between $NZ 500 and $NZ 1,000. Branches will sometimes lend more – if it is needed and the Borrower is able to repay, usually for income generating projects or education and training. One Maori woman who was a widow and serial Borrower, struggled with the demands of her horse-riding enterprise and had occasionally asked the WLF to help her cope day-to-day. She was realistic about what the WLF could provide (interview 10/3/2011): ‘You can’t go in expecting to pull out thousands, but you can go in and acquire small amounts; some of it sometimes is to help maintain your living expenses.’ She gave a testimonial about her relations with her WLF local Branch Trustees at the first WLF Annual Conference I attended in 2009 and commented on her experience of her initial interview: ‘These women love me as much as I love those horses!’ Her enterprise was established and going well when I interviewed her in 2011.

Similarly, an older, Maori, serial Borrower summed up the WLF’s local contribution to people like her (interview 7/3/2011):

All I can say is, if we didn’t have the Angel Fund, a lot of families out there would be struggling severely and they’d probably have no other way of getting loans out, apart from going to the other, like they call them, loan-sharks.

These women were directly acknowledging the help they had received from the WLF when they needed it badly.

However, not all Borrowers think it is possible for well-off, middle-class, women to understand the position of the disadvantaged. One serial Borrower was particularly scathing (interview 25/2/2011): ‘They need a fund run by poor women for poor women. Middle class women don’t get poverty; they waft past in their middle class
glory, looking slightly fearful.’

This was a lone view, but it does show the potential tensions that can arise given the difference between Lenders and Borrowers, an issue I return to in Chapter 8.

Despite this exception, one of the clear points to emerge throughout my interviews was that most Borrowers felt that the WLF, and particularly the Trustees who they dealt with, understood and empathised with their situations. As we saw in the last Chapter, this is a view that they share with the Lenders. It is also a key element of relational empowerment.

7.1.4 The Provision of No Interest Loans

While I have argued throughout that the process of empowerment involves more than money, finance is an important aspect of what women get from the WLF. Access to safe credit was considered by Borrowers to be an empowering experience in itself. A WLF loan was used by a number of women starting their own enterprises, although, as already pointed out, the loan was often complemented by loans from other local enterprise-orientated lenders. As a serial Borrower explained (interview 8/3/2011): ‘the amounts are small, so, if you are a woman wanting to start a business and that is your only recourse, it would be very difficult.’ However, being able to get a loan without collateral is valued by Borrowers, because they realised they would never be lent money by a bank and that the WLF was their only avenue. One Borrower who was planning to set up her own second-hand clothes shop made this point clearly (interview 29/3/2011):

And even just to get a loan, you know. I don’t have any major assets or anything, so there’s no way I could get money from a bank, you know. And, yeah, they just wanted to know what the money was going towards and they were happy about that.

Another Borrower, who used the loan to get her children’s book designed, printed and published, was also very clear that the WLF’s financial support was crucial (interview 17/3/11):
It was just when I needed a loan, it was mostly the financial aspect which was very positive from their side. I feel it's wonderful because it brings women together and it helps women to believe in themselves and what they can do, I mean the book is published. I have a product in my hand that I can share and that's a wonderful feeling, so for me that’s a great gift.

For this Borrower, the loan from the WLF helped her believe in herself, giving her greater confidence and more control over her life; crucial aspects of relational empowerment.

From a different position, women on welfare benefits felt the comfort of a secure lifeline from the WLF into the future, if, and when, they needed one. Such a loan gave one Borrower some choices (interview 2/3/2011):

It’s the security of knowing that I’m financially secure. I don’t have to worry and that is a huge burden off the shoulders, you know, that, God, I’ve got no money! If anything happens, what am I going to do? And I’ve had two happenings and the girls were there, you know.

The ‘steps toward employment’ loan category, also known as ‘transition to work’, operated by some Branches, has also changed some women’s lives. Loans for ‘social’ purposes can lead to employment opportunities. As an example, one woman had wanted to get her teeth fixed for some years, but had not been able to find the funds (interview 4/3/2011): ‘Well, if they hadn’t helped me out, then I wouldn’t be where I am today. I wouldn’t have my job, I don’t think.’ When I asked her whether she could have gone to a bank, her response was: ‘No, not with my bad credit, Yeah. I got that (her teeth) done in August. That’s probably the biggest thing I’ve ever had done in my life, actually.’

The loan helped her to get a job, it gave her more confidence and greater control over her life; all related steps toward empowerment in Christens’ (2012) understanding of
Some borrow from the WLF because they want to stay independent, with more control over their own lives, and not rely on family loans (interview 8/3/2011):

I decided to go with the WLF through a friend at the hospital who was very involved with the Loan Fund. I was at the stage I was just getting so desperate because the banks would not consider giving me any further money due to my mortgage. It was a matter of I did not want to go and ask my father to loan any money. I wanted to be independent. So I felt by using the WLF I was doing my best to help myself, and that’s always been something I’ve tried very much to do. I’ve found the WLF to be brilliant. I was able to go down, I was able to pay my warrant. And then I knew I could take my car back there again.

These responses show that money, even small amounts of money, can help women and give them opportunities that they otherwise would not have had. This is a step on the pathway towards empowerment, even if it doesn’t necessarily result in stable employment. It’s clear from these quotes that the money gave these Borrowers greater confidence and a sense that they had some more control over the choices they could make.

Despite all this, there were some differences between the views of Borrowers. Indeed, one admitted to preferring the impersonal attitude of a bank when being interviewed for a loan (‘the bank doesn’t care’) and said she initially felt intimidated by the WLF’s personal style (interview 28/2/2011). She felt the WLF interviewers were looking at her as a person and not just a prospective Borrower. It was, for her, almost as if acting in a caring way towards her felt like a disciplining act. She was aware that in her current situation (‘I’m just poor’) she was not going to be able to borrow from mainstream lenders. Towards the end of her interview, however, she acknowledged that her problem was ‘all to do with her and not with the WLF.’ Her
final comment was: ‘I’ve come to realise (through the WLF) that I should be more helpful to others.’

Overall, the money that the WLF provided was crucial for the Borrowers I interviewed. It was the resource which allowed them an opportunity to develop an enterprise, undertake training or to simply get out of debt. In all these different ways, it gave Borrowers a sense of security, greater belief in themselves and, particularly, provided a basis on which the Borrowers could exercise more control over their own lives, all crucial features of Christens’ (2012) concept of relational empowerment.

The fact that the WLF provided no-interest loans elicited strong, but mixed, reactions. Young, enterprise-related, Borrowers were genuinely surprised such loans were available for them. Some were appreciative (interview 29/3/2011): ‘Loanning money interest-free is the coolest thing ever. Nowhere else can you get that for women!’ Others were initially disbelieving (interview 4/4/2011): ‘This is like when they gave me the (WLF) pamphlet at Trade and Enterprise and they said, here’s the funding and it’s interest free. I’m like, really?’ She then added: ‘I think it’s great. There are some genuine people out there who aren’t greedy. And I think it’s marvellous. It takes the pressure off, you know.’

Another enterprise-related Borrower, who had also had experience as a short-term Trustee, found a degree of suspicion among some potential Borrowers about the WLF’s interest-free nature (interview 29/3/2011):

> when I talk to other women, and say to them, people that are trying to get a small business going, why don’t you try this? As much as they need the money, they’re very suspicious of the fact that it’s interest-free.

In contrast, those borrowing for social/welfare purposes were forthright in support of interest-free loans (interview 4/3/2011):

> I like the whole no interest thing, because a lot of women in the same situation as myself, you know, you’ve got a family to run - single mother - it’s a bit
hard trying to get everything paid on time and it's easy to bugger your credit.

A Maori Borrower spoke in a similar vein (interview 14/3/2011): 'Well, I can't get a bank loan. I'm still paying off debts that have been years in the making. Yes. Only because of the interest.'

Overall, the no-interest loans were universally seen by Borrowers as a positive feature of the WLF provision, as they were by the Lenders, although those who were borrowing to establish or sustain businesses, particularly if they were younger, were surprised that such loans were available. Loans without interest were vital to the more disadvantaged Borrowers, who, mostly, saw the WLF as crucial support if they were to survive and progress. This is consistent with a crucial aspect of the financial aspect of the steps towards empowerment that the WLF aimed to provide, as noted in Chapters 5 and 6.

7.1.5 The Money-Go-Round Concept

The Manual outlines the possibility of Borrowers eventually becoming Donors (or Angels), when they are over their current crisis, or have started in self-employment, which is the core of the Money-Go-Round concept. Borrowers tended to react positively to this idea as something they might do in the future. In addition, some Trustees/Lenders who had been Borrowers provided examples of this theory in practice.

The principle of reciprocity appealed to Borrowers and many planned to become Lenders once their loans were repaid. As an example, one Borrower emphasised (interview 8/3/2011): 'I love that, you know, I save, you lend, we borrow... Our little bank is just in our area and so, you know, people's money supporting each other.' In the same vein, another Borrower traced the route the money takes: 'It goes back for other women to be able to use as well, so it circulates...I think it's great!' (interview 28/3/2011). Another Borrower also illustrated how, even those on welfare benefits, relish the feeling that they can help others (interview 14/4/2011):

you're continuing the payments to help other people,
that's the key point, you know, whereas you're actually giving back, even though it's there for you if you need it, you're still giving back.

One Borrower, once a successful businesswoman, spelt out her feelings about the importance of reciprocity when she described how she later became an Angel (28/2/2011):

my loan had been paid back and then I didn’t stop it, I just kept putting money in; the same deduction that was paying back my loan, I just left it there. And I just thought, well, you know, they’ve helped me, I’ll help them. Well, someone else can use that; so, then I’m one of the Angels, you see!

Overall, the Borrowers understood the idea of reciprocity, in much the same way as the Lenders, as we saw in the last Chapter, although, when I interviewed the Borrowers, most of them were focusing on repaying on time, and helping future Borrowers in that way. This understanding helped Borrowers recognise that they were important members of the community who could contribute more once they had repaid their loans. It gave them hope that they could use this experience with the WLF to establish future empathetic relationships with other people. Again, this is a crucial aspect of relational empowerment, as it involves passing on a 'legacy of empowerment' to Borrowers (Christens, 2012:122).

7.1.6 Local, Low-Key, Non-Bank Lending

As noted in the previous chapter, WLF local Branches are proud that they do not operate in the same way as mainstream banks. Borrowers, overwhelmingly, appreciated its friendly, concerned and personal approach. The fact that it is relatively low-key as an organisation was seen as a 'solid foundation' by this serial Borrower (interview 8/3/2011):

(The WLF) is like a flame, you know, it's like you can have this huge woosh and then it goes dimmer, it dies
out, but I think this is like really steady and that’s what I mean by low-key, the flame is consistent and steady and willing; does that make sense? It’s a low-key kind of thing, it’s not flash and sexy and dramatic and I think people have an appreciation and a gratitude and I think that’s a really much more solid foundation to start with, if there’s trust and gratitude, it would be a different world. So, that’s where the WLF started, it’s quieter, gentler and it’s local.

An enterprise Borrower from another Branch also liked this slow-burn approach (interview 28/3/2011): ‘Yeah. It’s personal. It’s not just numbers. You’re not just numbers, you’re a person.’

The swift turnaround in decisions about loans, helped by local knowledge of potential Borrowers, is also acknowledged by them. One Maori serial Borrower described how quick decisions based on personal knowledge were a key aspect of the WLF’s practice (interview 10/3/2011):

Very quick. And you didn’t have to wait around on tenterhooks or anxiety. You basically had an answer there and then, after you did your interview with the ladies. And, I think, because we all kind of know a little bit about people in the town, well, they obviously know what I might do, but they were very keen, very interested and really supportive, so, they did me proud by, yeah, accepting my request.

They see this as reflecting respect and building trust, issues dealt with at more length below, which are crucial elements of relational empowerment.

Borrowers also refer friends to the local WLF Branch, as one social/welfare Borrower explained (interview 4/3/2011):

X used to be a friend of mine. And I remember her
involvement with them. So, I thought I’d give them a try and I knew (the Coordinator’s) last name, so I just looked her up in the phone book and rung her up, and explained the situation over the phone and she came and seen me, I think it was, the next week. It was all done pretty quickly.

Similarly, another Borrower had to get her car fixed and was guided by a friend (interview 7/3/2011):

I was really quite worried about this problem with the car and where I was going to find the $400 to fix it up. So I said to (my friend), ‘I don’t know what to do.’ She said ‘have you heard of the Angel Fund, they’re wonderful.’ She told me all about it and said, go over to the Information Centre and get the pamphlet on them and I had a read through and with that I made an appointment and I was seen within two or three days. Then I was granted the $400 right there and then before I walked out the door. Twenty minutes later. They gave me a cash cheque which I deposited, then I put it straight through Eftpos, over at my motor mechanic, and paid for the car.

This informality and approachability was seen by Borrowers as a key difference between the WLF and other lenders, especially the banks, as it was among the Lenders discussed in the previous Chapter. Both saw the WLF as much more user-friendly and responsive. This, in turn, enabled Borrowers to address their problems more quickly, which, together with the other aspects of WLF’s practices, particularly no-interest lending, gave them an opportunity to take more control over their lives.

7.1.7 Encouraging Saving

Learning to deal with money, and being encouraged to save and advised about
building-up savings, was a crucial part of the Borrower’s total experience of the WLF. As we saw in the last Chapter, the Lenders saw this as an important step in Borrowers’ empowerment processes, although they acknowledged it was not always feasible for low income women.

Borrowers who had become savers, often for the first time, were proud to talk about it (interview 9/3/2011):

> You know, before I knew them, I didn’t know how to save because I was paying things off, interest on things, just terrible. With the no interest loan, you know exactly what you’re getting and what you’re paying back. And so, you know, it taught me how to save. That’s what it’s done.

Another Borrower was equally enthusiastic about saving (interview 7/3/2011):

> Oh! I pay weekly...Oh! Yes. And I’m saving too, as well. And I would still like to continue saving, and building up that. And in the near future, if I can donate money into the Angels, I will do that through my savings, maybe.

Another young Borrower particularly appreciated knowing that, by saving, she had cut down the amount of a follow-up loan (interview 25/3/2011):

> Yeah. So, when I got my next statement, it was only a hundred and fifty left to go, or something, so that was a gift for me, knowing that I’d already saved to pay some of it off.

An older Borrower also had plans for future saving to benefit the Fund:

> ‘And, yes, I will be doing some type of saving. It won’t be a huge amount, but it will be just something and it helps other women.’
As we saw in the last Chapter, repaying their loans and then saving to help other women was seen by Lenders as one of the crucial aspects of the sense of empowerment, because it gave Borrowers confidence and a sense that they were exercising some control over their own lives. This was a view broadly shared by Borrowers.

7.1.8 Organisational Flexibility

The tailored flexibility of operation within Branches is one of the WLF’s greatest strengths in the eyes of both Lenders and Borrowers. As we saw in Chapter 5, Lenders ensure Branches are flexible, particularly in the way they respond to Borrowers who miss payments, or fail to repay. In co-founder Frances Denz’s words (personal communication, Annual Conference 2009): ‘Non-payment is seen as a cry for help!’ A Borrower described how she experienced this flexibility (interview 14/3/2011):

I was trying to keep track and I kept thinking, I’ll have it next week, so that’s fine. But I did miss three in a row. A rang me and my next payment had just gone through because I was really aware of it. And, do you know what? I didn’t ring to say that this would happen, because I had other things that I was trying to sort out, and I kept thinking, I’ve got to ring A or I’ve got to ring S and let them know. And it just didn’t happen. So, when S rang, I felt really, really bad. And she said, no, don’t feel bad, I just wanted to see if you were aware. And I thought, well, I am aware. So, now it’s fine again. But it was just a period of, I think, three weeks, which was really hard. And there were some things I had to clear.

The respect and trust that was offered in this exchange is consistent with the practices of relational empowerment described by Christens (2012).

Trustees sit down with Borrowers and sort out their payment schedules and amounts,
ensuring, as a serial Borrower explained, that the Borrower is comfortable with the arrangements (interview 8/3/2011):

Yep, no, they sort it out, like paying it over the twelve months, at thirty dollars a fortnight. Within the twelve months it would be paid and was I comfortable with the thirty dollars? Did I feel that I would be able to manage that? And I said yes. And that’s when I was told that if I ever was struggling with that amount of money to please come forward and let them know. And they would help me. I was told if I had any problems remaking the payments, please don’t let it carry on. I was to come to them straight away and talk to them and discuss it. And I could stop the payments until such time I was back financially on my feet and able to remake those payments. They would be more accepting of me approaching them and explaining the situation, rather than just not paying the payments and being, you know, hey, what’s going on, these payments have ceased.

All the Borrowers I interviewed, like the Lenders I dealt with in the last Chapter, were positive about this flexibility of the WLF, especially in respect to loan repayment. Borrowers saw the WLF as responsive to their needs, with problems only arising when the Borrower failed to talk to Branch Trustees about any repayment problems they had. The Borrowers recognised that the WLF was encouraging them to take responsibility, by reporting their difficulties, without penalising them for late-payment. Taking on these responsibilities built confidence.

7.1.9 The Provision of Mentoring

Borrowers at the SI Branch, who were considering self-employment or setting up their own enterprises, were interested in their Branch providing some relevant mentoring. As we saw in the last Chapter, some new Trustees were also keen to
organise mentoring help between individuals, but had not yet managed to institute this at their Branches. In the Branches I studied, the onus was on the Borrower to ask for specific help or referral, because, as we saw in Chapters 5 and 6, Branches prefer to keep these arrangements informal, so that the workload can be controlled. Mentoring does happen informally, as already indicated, as Borrowers have been helped with book-keeping and banking relations. This often involves introductions to other community organisations. The way this is done varies between Branches and tends to rely on the personality of the Trustees and the Coordinator and the needs displayed by Borrowers.

One young woman suggested that, because it was specifically for women, her WLF Branch should provide counselling and wider support (interview 25/3/2011):

I think it'd be good if they did provide some kind of mentoring or an actual group meeting as well, like I don't know.

SM: The difficulty with running all sorts of voluntary groups, groups helping people, seems to be lack of time.

Yeah. I can see why they don't want to.

The important point here is that the provision of non-financial help is a key element of the WLF’s philosophy, as we saw in Chapter 5, but its ability to provide that help, other than on an ad hoc basis, is limited. As we saw in the last Chapter, many Lenders felt the WLF should provide broader services, but saw time constraints as the main issue. Many of the Borrowers would have welcomed such a move, which would help them cope with the problems with which they were faced. However, the Borrowers also recognised that resources, especially human resources, were a problem for the Lenders.

7.1.10 The Role of Networking

As we saw in the previous chapter, volunteer Trustee/Coordinators in NI and SI, as well as some of the other Branches visited, produced an occasional Newsletter. This
is the main regular form of inter-Branch and intra-Branch communication for all involved with the WLF nationwide. The Newsletters varied in format and frequency across the Branches, but usually included: ‘Borrower News’ and ‘Stories’; Training Courses and relevant community events; identification of, and thanks to, Sponsors; ‘Trustee News’ and ‘Reports’; and adverts for help with general Support Activities, such as attending meetings, mentoring borrowers and helping to produce Newsletters.

Two Borrowers, who had a role in their town’s Community Garden, described their Branch Newsletter, which appeared every month, as something they read thoroughly, even though it was ‘pretty low-key’. One noted (interview 8/3/2011):

it’s soft, it’s not hard. (The Coordinator) really tries to encourage people to go to the Community Gardens, because, the way we’ve set it up, if you come and work, you take vegetables home, so, some of the women that come to borrow, might need food, so they’ll put in the WLF Newsletter that the Community Gardens share the work, share the bounty and come on Thursday mornings or whenever. So, the WLF also does, in that little Newsletter, try to connect some of the links.

This quote also illustrates this Borrower’s recognition of the way in which the WLF emphasises the links with community as a crucial part of the pathway to empowerment.

Other Borrowers had mixed reactions to Newsletters, if they remembered receiving one. One young Borrower, when asked if she had seen a Newsletter responded (interview 29/3/2011): ‘Not that I register’. When asked if she got statements about the state of her loan, she replied: ‘Yes! They’re very good about that!’ This is a telling response because in that Branch the Newsletter was sent out with the statement, but this Borrower had no recall about the former.
One long-term Borrower emphasized that all WLF members got her Branch Newsletter (interview 4/3/2011): 'Yeah, all the members get a Newsletter. All the Borrowers and all the Donors. I'm not sure, I don't think it's every month. It's every couple of months, I think.' An older, social purposes Borrower, who admitted to being a loner, acknowledged (interview 9/3/2011): 'I get the Newsletters and that's quite enough, really.'

For some Borrowers, the Newsletters provide a link with the WLF, but others are clearly less convinced. As such, the role of the Newsletters in encouraging a sense of community seems limited, particularly for the younger, time-poor, entrepreneurial, Borrowers, who might prefer an updating by e-mail (something on which the Branches are continuing to work, interview 14/3/2011).

However, one Maori Borrower, who worked with her husband, emphasised another aspect of the Newsletters, when she described how their new enterprise was promoted in her Branch Newsletter (interview 11/3/2011): 'When we first started off our business, they stuck in a pamphlet about our work, and we got a few jobs back from some and that helped us immensely.'

More broadly, I could find no contact, organised by Borrowers themselves or by Trustees, between the Borrowers in the organisation, an issue discussed in the last Chapter. However, Borrowers (of all types) showed interest in 'meeting up' with other women Borrowers in a similar position, or 'networking', as the enterprise Borrowers tend to call it (an issue I return to in Chapter 8).

Indeed, whether Borrowers favoured more contact with each other depended to a significant extent on whether they had an enterprise loan, although, once enterprise Borrowers got the money and started up, time became a crucial factor. As one young serial enterprise Borrower emphasised (interview 29/3/2011): 'I work 6 days per week and have no time to network with others.'

A young Borrower, waiting for a package of funding, part of it from the WLF, to start an enterprise, gave a typical response here (interview 25/3/2011):

    It would be nice to meet up, maybe have a meeting.
Although I don’t know how other people would feel about that, because we’d all be in the same situation. We’re all women and we all want to start our own businesses and it’s really nice to network with people who are doing the same sort of thing. So that would probably be a really nice thing to do, although it’s hard to get people together, when people are working and have got kids.

Another enterprise Borrower’s response was similar and linked directly with empowerment (interview 4/4/2011):

With the WLF, once a month or once every two months, we could all get together and have a meeting and discuss where we’re going, get support, get those women involved. Are you going to this network meeting? Empower, help empower, each other. Yeah, this should be happening!

Her argument is clearly that the WLF is not empowering women in this sense, using meetings of Borrowers to help develop their confidence and sense of community and, as we saw in the last Chapter, many Lenders shared this view.

However, Borrowers, like Lenders, did not seem to know how to make this happen. One young woman eloquently described her own situation: ‘I often feel overwhelmed and isolated, not knowing which way to turn. There must be people out there feeling the same and it would be good to get together.’ She continued (interview 25/3/2011):

Just hearing about how (the WLF) helped other women in business would be cool, I reckon. Because sometimes you do feel you’re all by yourself in the ocean, trying, but there’s a lot of other people who are doing the same thing as you, but it’s hard to meet those
people and I reckon sometimes it'd be really good to have a group that meet like once a month which are those people. I've thought about starting a group like that but I don't really know how to start it, I don't know who to contact.

When I asked another Borrower, who had given a testimonial about her small enterprise start-up at the 2008 Annual Conference, about Borrowers getting together, and whether it might happen through invitations, adverts in their Branch Newsletter or by word of mouth, she replied (interview 28/3/2011): ‘but, if we don’t see each other and we don’t know who they (other Borrowers) are; we don’t have word of mouth do we?’

Both the Lenders, as we saw in the last Chapter, and the Borrowers thought that developing contacts between Borrowers would be a positive step in encouraging a sense of community, which is a crucial aspect of the philosophy of the WLF. It is also a crucial element of Christens’ (2012) idea of relative empowerment. However, all recognised that it would involve human resources which the WLF lacks. This is an issue I return to in the next section and also in the next Chapter.

7.1.11 Confidentiality and Anonymity

The fact that Borrowers expected to retain their privacy and confidentiality is obviously crucial. As we saw in Chapter 6, Trustees, as a matter of practice, do not discuss who borrows with others. As one young Borrower said of her Branch Trustees (interview 25/3/2011): ‘I’ve heard them say before that they can’t really talk about who borrows. They don’t, they’re not allowed to disclose who borrows money.’

As another, older, Borrower emphasised (interview 28/2/2011):

A loan is a very personal thing. In a way, you're doing it one by one. You can't sort of broadcast about the WLF, because you'd get loads of stupid people coming along. It has to be word of mouth. It needs to be
secretive, or women won’t come to you because it’s too public. They can’t, for instance, say you were an abused woman and you needed money to survive, to get away from your partner.

A young Borrower also emphasised the importance of confidentiality (interview 25/3/2011): ‘Yes, I guess in a way it is quite good, really, to keep the whole, you know, who borrowed money and how much they borrowed and what for, confidential.’

In addition, there was a reticence, almost a shame, among some Borrowers about having to borrow money. As one young enterprise Borrower told me (interview 29/3/2011): ‘I don’t like people knowing I had a loan.’ Another, who had borrowed to finance a training course, stressed that, because her repayments helped others, this compensated for the fact that (interview 14/3/2011): ‘it’s humiliating, borrowing money.’

Yet, as we saw above, many Borrowers, especially those who took out loans to establish or develop enterprises, were anxious to meet up, to network, with other WLF borrowers in the same situation, in order to increase confidence and provide mutual support. Indeed, ‘networking’ was brought up as an important facet of empowerment, in large part because it helped Borrowers grow in confidence, and, as shown above, some Borrowers wanted women to be able to meet and discuss their experiences. There is a tension here between the need for networking and the capacity to network, which I return to in the next Chapter.

While confidentiality is important, it clearly inhibits contacts between Borrowers, widely seen as important by both Lenders and Borrowers, which, in turn, constrains the development of the WLF as a community in itself; a key feature of relational empowerment.

7.1.12 Appreciation and Trust

As we saw in the last Chapter, the Lenders view trust between Lenders and Borrowers as a feature of WLF practice. Similarly, trusting and being trusted were
very important factors for Borrowers, as one explained (interview 11/3/2011):

It's a big thing about trust. I think that women have got a sense of trust. They want to be able to be trusted, and then therefore want to be able to trust other people, you know. And that's what the WLF is all about.

Another Borrower remembered her initial interview (interview 9/3/2011): 'I think one of the things that they talked about was, well, we're trusting you.' Overall, there was a realisation that the WLF's flexible terms, no interest loans and supportive network are based on trust.

One Borrower illustrated how this trust operates (interview 14/3/2011):

Yes, I mean it's not like, you can have it, but you mustn't spend it on this, and you mustn't spend it on that, and you mustn't do that (rather it's) here you go, we believe in you, here's your money. You've got the freedom to do what you said you were going to do with it.

A serial Maori Borrower expressed a similar view (interview 11/3/2011):

and we just lived on $80 a week and I used to hitchhike with him (her small baby) on my back. So I know. I've walked that walk. But the (WLF), for me, have opened up, how am I going to say it, a trust within me. They know who I am, where I'm from, what I'm about. I can ask for anything if I need it. You know what I mean? There's just this trust. If I didn't have that trust with them, I wouldn't bother with them. Yes. Everybody's got to trust and I suppose that comes with having faith in those people. You know, if you don't have that faith and that trust, then what's the sense in going there in the first place?
Another Borrower compared the WLF’s trusting attitude with that which a bank might take (interview 25/3/2011):

Oh, a bank would say, oh yes, we’ll help you, you know, get out of debt, we’ll help you pay all your bills off, but here’s all the interest bunged onto it. So, here’s your money and that’s it. Whereas the Women’s Loan Fund is, I guess it’s all about trust.

This point illustrates how women felt and experienced empowerment in many ways other than financially. They emphasised feeling appreciated and trusted. One enterprise Borrower described the experience as being ‘believed in’ (interview 4/4/2011): ‘I felt like they believed in me. They believed in what I had. I took the sample product out. They loved the product. They loved the idea. They were great. They were fantastic.’

Similarly, a social purposes Borrower remembered (interview 9/3/2011): ‘There were two women who sat down and asked questions. But it’s interesting that the questions weren’t about money. It was about ME as me, who I am. Yeah, which was really neat.’

Another social purposes Borrower described her feelings about being able to do something she would not have been able to do without her loan (interview 7/3/2011):

My grandchildren are there and my son lives down there and just out of (the city). And I had to see him because he doesn’t come to see me, I have to go and see him. Yes, it was so fulfilling. I’m so, so grateful. If it wasn’t for the Angels I don’t know I’d have gone.

One Borrower’s response even suggested that, through the WLF, individuals are empowered by belonging to a group/community, which she saw as a ‘subtle system’. For her, this encourages trust and gratitude and provides a solid foundation in relationships (interview 8/3/2011):
and most group things happen, that’s not like you belong somewhere but you belong to a system where gratitude and feeling trusted, you know, it’s more subtle, so, you know, it’s like, I’m grateful that they trusted me. I’m grateful that the interview took, like, two minutes and we had $2,000. I was grateful to be able to tell my story, you know. And I feel like that’s kind of a fundamental, you know, again it’s a foundation.

Here, there is a recognition of the importance of collective values contributing to a process of empowerment, which has resonance with Christens’ (2012:118) argument that empowerment is best understood as a relational process forged through communication, thoughtfulness and sociability. Here, the Trustees are playing facilitating roles and acting as enablers of empowerment processes for Borrowers. Or, as Cornwell (2014:3) argues: ‘the work of external actors is ‘not empowering women’ but clearing some of the obstacles (from this pathway), providing sign-posts, stiles, bridges and sustenance for those making these journeys’ (my addition in brackets).

Overall, for the Borrowers, as for the Lenders discussed in the last Chapter, appreciation and trust is crucial and it is a relational trust based on an empathy between the Lenders and the Borrowers, which allows most, if not all, the Borrowers to be at ease with the WLF and how they operate. In addition, this trust is rooted in, and reinforces, a sense of community; another important aspect of relational empowerment (Christens, 2012). Copisarow (a microcredit pioneer, who set up Fundusz Micro in Poland) also argues that microfinance: ‘should be understood as a revival of a centuries-old system of trust-based lending’ rather than as ‘simply the newest fashion in development economics – a fashion that could well be discarded within a decade’ (Copisarow, 2000:23).

7.1.13 Respect and Encouragement

A Borrower who was setting up as a gardener was especially positive about the encouragement she received from her WLF Branch (interview 1/4/2011):
And they said, you know, if I was showing that I was paying it off, the loan, that I could come back, if I had something else that I needed a loan for. So, it felt supportive. It wasn’t just about the money, you know, they were asking me how I was marketing myself. All those sort of things. So, it was like a whole experience rather than just the money.

Similarly, a Borrower who had acquired a state-of-the-art hearing aid to enable her to contribute more at work was grateful for the loan. She talked directly about respect, a crucial aspect of relational empowerment (interview 9/3/2011): ‘Yeah. But because I felt, you know, respected and I respect what they’re doing.’

Another social purposes Borrower explained how her treatment by the local Branch made her feel (interview 7/3/2011):

(I feel) part of a group and a family. Yes, the way they treat me, the way they explain things to me, the way we all get together and associate. They send letters out saying there’s little meetings on and some of us can come along for evenings and afternoon teas and things like that.

This Borrower had also been a Trustee in her Branch, so had seen these encouraging practices from both sides. She distinguished between Borrowers and Lenders (interview 4/3/2011):

The Borrowers get an account of how much they owe still. And (the WLF’s) congratulations, you’ve paid off this much of your loan and you’ve got this much to go. Well done! Keep it up! You know, things like that. And then the savers, it would be the same sort of thing. Congratulations! This is how much you’ve saved. Just think how much you can save this way, you know. And
this money is helping other women and it's helping you too. It's all about communication and relationships. That's what I think.

These Borrowers' experiences show that encouragement is a crucially important factor in WLF practice. They described the ways in which they were encouraged by Trustees during their payback periods and by their general relationships with Trustees (interview 14/3/2011): 'When you start getting close to the amount paid off, they give you these little encouraging notes in with it, which makes you feel really good as well, you know, that you're actually achieving something, by paying back.' Another remembered (interview 25/3/2011): 'Yeah. They send out a monthly statement, about how much you've paid off. I got a little certificate in the mail saying that I'd paid back my first one (loan).'

Almost without exception, the Borrowers felt that they were encouraged and respected by the Trustees and saw this as a crucial feature of the WLF, and one which gave them confidence and a sense that they had worth, were valued and could exercise more control over their lives.

7.1.14 Confidence and Self-belief

The Borrowers also considered gaining confidence as a vital part of their experience of the WLF. In this vein, the Borrower who used the loan for a hearing aid, emphasised how her working life had changed (interview 9/3/2011):

And, interestingly, one of the things about having the hearing aid was the confidence. The confidence changed because a lot of times I'd pull back. I'd lip-read, I'd hear what I could and I'd match what I was seeing. My one on one was fine, but it was in that kind of group context and the disciplinary teams and things like that. So, yeah, the confidence. And now they're probably going, oh, I wish she didn't get her hearing aid because, you know, I'm really good at challenging
in that new environment.

For this Borrower, the loan helped her confidence and made her feel more in control.

Two enterprise Borrowers chose to use the word empowerment and described what it meant, or would mean, for them. They both emphasised confidence-building, which as we have seen is an important element of Christens’ idea of relational empowerment. The first argued (interview 29/3/2011):

I will feel empowered when I can support myself and look after my kids, that’s empowering, supporting them and providing for them. I know, but I’m not doing it with my own money. So, to be able to be financial, you know, and just have my own money will be amazing. But, yeah, just being confident and getting out there in the community.

For her, a loan could help her become more economically self-sufficient, increasing her confidence and widening her choices.

The second Borrower particularly emphasised self-belief (interview 28/3/2011):

Really, it felt like being given the money because there was no interest to it, you know, being loaned the money really felt like they believed in what I was doing. Do you know what I mean? It was a little boost to my self-belief that, well, they’ve given me that money so they must think I can do it.

These two Borrowers, like many others - in a way consistent with Christens’ (20012) idea of relational empowerment - saw confidence and self-esteem as a crucial part of the process of empowerment. They felt that the WLFs were helping them achieve their ambitions.
7.1.15 Feeling Comfortable and at Ease

Borrowers’ responses showed that they were at ease with being involved with the WLF. Dealing with money was a constant problem, so the way in which their requests for money were received, and a possible microcredit loan discussed with them and subsequently handled, was a crucial consideration for them. Without exception, they said they had approached asking for their first loan with uncertainty, fearfulness and the constant possibility of rejection. The interested, respectful and non-judgmental way in which they were treated by WLF Trustees when discussing the loan, for many of them a difficult situation, was important. The whole process, and the atmosphere created by that process, put them at ease, made them feel they were respected and trusted, and therefore they were more confident; all steps in a process of relational empowerment.

This feeling was magnified as their WLF Branch was so often a last lending resort. A serial social purposes Borrower (interview 9/3/2011), pointed out that fear, discomfort and depression were widely associated with a desperate need for money. However, when she needed to ask for money, on three occasions, the WLF had made it ‘easy’ for her: ‘Yeah, and depression sets in. If you get too depressed with owing or needing money, I’ve found that they’ve been easy to ask when I’ve needed it.’

A fellow social purposes Borrower also highlighted being nervous, and fearing rejection (interview 9/3/2011):

Well, what I’m thinking is, whenever you go in for a loan, you’re kind of nervous, right? Because it’s about rejection and I didn’t know whether I was or wasn’t going to get it. But, yeah, they sat, we talked, we discussed.

Borrowers overwhelmingly appreciated the interviewing atmosphere and the ‘comfortable’, relational, style of WLF Trustees, as well as the way in which the Branches handled everyday matters relating to their loans. ‘Comfortable’ and ‘easy’ were the two descriptions most often used by interviewees and this made Borrowers
feel trusted and more confident.

One Maori serial enterprise Borrower emphasised the potentially humiliating nature of asking for money and stressed that WLF Trustees were not judgmental (interview 10/3/2011):

Sometimes women get embarrassed that they have to go to places. It’s not nice to ask for money. Oh, they never made us feel anything but comfortable. These ladies, as soon as you’re in their presence, they basically covered you with a cloak. You know, they put it around you, they make you feel so good. A lot of ladies can get desperate in the area where finance is concerned. And so (you) go around and you feel a bit down, and you state your case. When you go in, the smile on their faces is enough to say, it’s OK, they’re not going to judge you.

Her fellow-Maori general Borrower reiterated this point about fear and embarrassment (interview 11/3/2011): ‘women need to feel comfortable, otherwise they’re not going to be happy about (it). They’re going to turn away and be scared and be frightened.’

Another Maori serial Borrower emphasised she was particularly fearful at the initial interview (interview 14/3/2011):

I said ‘excuse me my jitters because I’m really shaky’.
She said, ‘you don’t have to be, we’re all the same.’
And, you know, she let, they let me talk. I said, ‘well, I’m having a bit of a credit card blinking thing’.

Almost without exception, the Borrowers felt they had been put at their ease by the practices of the WLF, particularly in the initial interviews. They felt that being put at their ease reflected the fact that the Trustees respected and trusted them. This allowed them to gain confidence and some control over their own lives. Feeling at
ease, and having some controls over their crisis situation, helped build self-confidence, a crucial element of the relational empowerment process identified by Christens (2012).

7.1.16 Community and Belonging

As we saw in the last Chapter, a sense of community, particularly WLF-centred, but also in relation to the wider locality, is something that Trustees try to encourage. Some WLF Borrowers recognise that they are part of a WLF community. For example, one told me (interview 4/3/2011): ‘Oh, it’s a community, you know, in its own right, with people that understand each other.’

We also saw in the last Chapter that Trustees can be ambivalent about organising get-togethers, because attendance is usually sparse, given domestic commitments come first for many women. However, one event at the NI Branch was attended by 45 women and included presentations by Borrowers, as well as attracting investors and rural women from the area surrounding the town (Branch Newsletter, Sept 2010). As one Trustee emphasised (interview 8/3/2011):

> The time when it did feel really good, I think, was that night at the Wine, Women and Song (Evening). There were people from all different aspects of the Fund that got together. But generally speaking, it’s not set up, here anyway, for you to have a relationship with other Borrowers in the Fund, but, it was a lovely evening of wine and women and interesting stories. What I’m saying (is) that I loved that too, it was just great (my additions in brackets).

At the same time, as we saw earlier in this Chapter, Borrowers often do not have the time to reach out to the Trustees for help, feeling the isolation and stress of self-employment, or emergency, as one Maori, serial Borrower clarified (interview 10/3/2011):

> You tend to forget about important things like that, as
well. Well, for me, I do, because I only have one head. I have no-one else to confer with. And it's just, it's jammed with stuff, you know.

Another Borrower also felt the pressure of debt: 'Did I feel part of something? No. I still felt very alone, because I knew I had to pay it back' (interview 28/2/2011).

Not all Borrowers therefore felt that the WLF is a community to the extent that the WLF would like and this may act as an important constraint on the empowerment of some. One problem, as suggested in the last Chapter, is that the WLF, as a voluntary organisation, has limited human resources though it must be stressed that individual Trustees, as I have shown, regularly provide specific support and referrals for Borrowers who require it. At the same time, as we saw earlier in the Chapter, some Borrowers do not want the fact that they are borrowing advertised, which also limits the possibility of creating a greater sense of community within the WLF. These tensions will be explored in greater detail in Chapter 8.

7.1.17 Relationships with Trustees

Most Borrowers do not automatically think of their Branch Trustees as sources of guidance, although Trustees do mention this possibility at initial interviews. One first-time enterprise Borrower understood this possibility when she met the local Trustees (interview 29/3/2011): 'They're there for you if you need them and the ladies are really nice, so one of them, well, I haven't needed to, but they said that they are there, if I needed to I would be able to contact them.'

Trustees are perceived by Borrowers as 'busy' and to be 'on a lot of boards', and it is generally known that they give their time voluntarily. One Maori serial Borrower and local enterprise owner observed these time constraints (interview 10/3/2011):

And that's where I fall down, on those areas as well. The Angel Fund, we go there and they're very busy, the ladies are, so you can't, you know, I always think, oh, I can't take their time up.
However, some Borrowers have had personally valuable and long-standing relationships with a particular Trustee. For example, a trusting relationship between a Maori Borrower and a founding Trustee from her local Branch built-up slowly (interview 11/3/2011):

Yeah, she was questioning me 100%, you know. ‘Is it what I really want?’ Because she knew about my problems back then. I didn’t open my mouth to too many people, but I trusted her. That’s my angel at that time and still is. She didn’t judge me when she first met me, you know, because back then, I had dreadlocks.

Most of the Borrowers saw the importance of developing a relationship with the Trustee(s) with whom they dealt. Such a relationship increased trust and helped the Borrower’s self-esteem.

Trustee/Lenders were appreciated for trying to hold themselves out as resourceful friends and allies for Borrowers joining and becoming involved with the Fund. It was clearly difficult for Borrowers to negotiate the social and educational divide between themselves and most Trustees, but some bolder ones, who had time and were not involved in trying to establish an enterprise or deal with domestic obligations, attended social events (advertised through the Branch Newsletter) and gave testimonials at the Annual Conference.

Conclusion

This Chapter has considered how WLF Borrowers view the microcredit offered them. The WLF is generally appreciated for providing an alternative and flexible method of lending and encouraging vulnerable women to escape debt and start saving. They felt supported and respected, ‘comfortable’, and they sometimes used the word ‘empowered’, by the WLF’s structure and in their dealings with Branch Trustees and Coordinators. There was a pride in being part of a women-only initiative, as that was something many respondents felt was special and needed in
their local community. The same importance was attached to no-interest loans, which were seen to be particularly helpful for women struggling with low incomes. The money provided was a crucial aspect for the Borrowers. However, Borrowers also realised that Trustees were committed to making them feel valued and to supporting them in ways other than by just providing money. Many Borrowers would have liked more contact, an ongoing relationship throughout the Borrowing period, with the Trustees. Although they were told this was possible during the initial interview, Borrowers were usually reticent to approach busy volunteer Trustee/Coordinators for extra help, or suggestions for mentoring. If a Borrower’s repayments stopped (‘a cry for help’), Trustees became alerted to problems and might then offer appropriate help or referral. The lack of continuing support was a factor constraining the process of empowerment, which sits uneasily with the other elements of the ‘scaffolding’ to support Borrowers which the WLF provides.

Some Borrowers’ appreciated the collective values associated with the WLF, and indeed recognised that the WLF saw community as an important aspect of the empowerment process. Yet, there were ambiguous responses here, because some respondents were concerned about privacy. I examine these ambiguous responses further in the next Chapter.

For some younger Borrowers, desperate for money, getting a cheque in the hand was the kernel of their WLF experience. But, even in this age group, a majority talked about giving something back to the WLF, and through that helping other women. To reiterate, one Trustee put it so aptly (interview 20/10/2010): ‘I think it is important, the way they perceive they are getting the money. That it’s not cold money, it’s warm money.’ Most Borrowers understood this perfectly well and were grateful for it.

My respondents did experience the process of borrowing money, and of empowerment, differently, according to age, background, culture and education and I discuss this point in some detail in the next chapter. They were also honest about the setbacks and positive outcomes that can flow from their experiences of the WLF. They were, in turn, surprised, grateful, relieved and often liberated, by being given no-interest loans, or, as some called it, ‘free money’. This was an important element
in their pathways to empowerment. A number explained they did not habitually think
beyond ‘getting the money’, but almost all of them felt that being put at their ease,
trusted and treated with respect gave them confidence which allowed them to take
more control over their own lives. In other words, they were taking steps that are
seen as crucial in the process of relational empowerment.

Indeed, my interviews suggest that, for the Borrowers, the WLF provides an
empowerment ‘scaffolding’, specifically to support the needs of women Borrowers
and make it possible for them to take ‘a step out’ from their current situation. This
can be a step away from a feeling of fear and inadequacy around money or a debt
situation that leaves them feeling helpless, and/or a step towards a paid, regular job,
self-employment or the challenge of creating an income-producing small enterprise
or following a long-held dream or talent. These are crucial aspects in the personal
development of these women and can be seen as economic steps towards
empowerment. However, my research also indicates the importance for Borrowers of
respect, trust, encouragement, confidence/self-esteem, feeling comfortable and part
of a community and developing relationships with Trustees, as other steps in a
process of empowerment. These are aspects of the empowerment process often
neglected by conceptualisations of MCPs which focus almost exclusively on the
financial/economic dimension. They are also at the core of Christens concept of
relational empowerment and his identification of: ‘calls for moving psychology and
social science past individualism, toward a greater, understanding of the dynamically
unfolding social and relational processes (Christens 2012:123).
Chapter 8. Empowerment and the WLF

This Chapter has three main aims. First, I highlight the main issues about the operation of the WLF which emerge from the last three chapters. Second, I focus on the concept of relational empowerment, which has been at the core of my discussion of the operation of the WLF. Here, my aim is to consider the extent to which the organisation's operation is consistent with Christens' idea of relational empowerment. Finally, I turn to the question of indicators of empowerment, suggesting a number of indicators, derived from my empirical research, which stress the emotional dimensions of empowerment and, as such, are important additions to the focus on the economic and action indicators which dominate the literature.

8.1 Organisational Issues within the WLF

Here, drawing on my findings in Chapters 5, 6 and 7, I focus on three issues: the differences between the Branches; a comparison of the views of Lenders and Borrowers, which draws out some of the points made in the last two Chapters; and the extent to which there are differences between the older and younger people, and between people from different economic backgrounds, involved in the WLF.

8.1.1 Differences between the Branches

The last two Chapters noted some differences in the operation, lending practice and focus in different Branches, specifically, but by no means exclusively, between the two Branches I studied in detail, NI and SI.

In SI, a long-term, influential, Trustee explained (interview 23/3/2011) that a focus on education and (self)-employment was 'part of our original constitution' (as one of her colleagues said, 'those things last'). Social lending, particularly lending for vehicles, was something to be avoided, she argued: 'Because vehicles....they’re just holes in the ground, as we all know.....into which you pour money.' At first, this surprised me, because I had observed, as a visitor to the town, that there were few buses, the built-up city areas were widely spread-out and, without a car, it would be difficult for anyone to get around, without a lot of daily stress. In addition, I was
aware that other Branches had chosen to lend for cars (and outgoings associated with them), acknowledging that, if women wanted to consider working effectively outside the home, or fetch and carry children, collect monthly shopping or transport elderly and infirm family members, access to a vehicle would be vital. In that context, this policy was something that would be likely to impinge on the empowerment of women Borrowers in a very direct fashion, given that if they could not get around their employment and education opportunities would be considerably restricted.

However, subsequently, I became aware of how the WLF Trustees in this Branch handled this policy decision, so that they would not be abandoning women needing social/welfare loans. Indeed, their ‘Introduction to Borrowers’ form lists ‘other exceptional needs’ as a funding category and they were concerned to direct women in need to other funding opportunities, if they could not help. For instance, the Branch required an application form to be filled in and included, along with it, another simple application form for a charity that provided funding grants for those in hardship and/or domestic crisis. It was made clear that this organisation gave grants for, among other things, food, clothing, furniture, accommodation or transport.

The main problem here concerns how the Borrowers perceive this stance and whether it intimidates those who are less ‘bold’ and lacking in determination and social skills, thus affecting their emotional empowerment.

To an extent, the different focus of the Branches may reflect the fact that they are situated in different parts of the country, in areas where there are different patterns of social stratification, with consequently different problems. Both Branches are in areas where there are a large number of retirees, but NI also had a larger proportion of unemployed people and families existing on low incomes. NI lending policy has adapted to this and they regularly make loans for vehicles (including mobility scooters and cars), debt-consolidation and social/welfare purposes, though fears were expressed that too many loans might recently be going in that direction (personal communication 3/11/2012)

Borrowers from the NI Branch have to show at the initial interview that they are able to repay, be it from benefits or income. Therefore, loans are not made lightly and, as I showed in Chapter 6, other, more appropriate, types of help can be offered. This
Branch also has the remaining active co-founder, Gwyneth Wright, in residence, which may explain why there is more flexible lending; given that, as we saw in Chapter 5, this was a key element in *The Manual*, which Wright was largely responsible for drafting and writing-up.

My interviews with Trustees also made it clear that the two Branches were flexible over repayments until Borrowers’ income from their enterprises picked up. This was particularly important at a time when John Key’s Government was changing New Zealand’s welfare law on single parents’ benefits, making it more difficult for them to retain their self-employment status (Ministry of Social Development website, our-work/work-programmes/welfare-reform/- accessed 20/3/2013). WLF Branches were aware of this impending change when I was undertaking my fieldwork and some individuals familiar with welfare law were already working to support women (lone parents on benefit) to continue in self-employment, or fulfil their creative plans (personal communication from two Branches 2/12/12 and 20/12/12). Again, there is evidence here of the flexibility of the WLF and its ability to respond to a changing context.

At another long-standing Branch, it was only possible to interview and briefly shadow the Coordinator. Her response to my question about the types of lending in her Branch was rhetorical: ‘What don’t we lend for?’ The only category excluded, based on long-term, negative, experience, seemed to be ‘hairdressing businesses.’ Since I met this Coordinator, she has pursued a very innovative and distinctive Branch development strategy, with the ‘social side’ of Branch lending being handed over to another organisation, TimeBank, who own a local café and community garden. WLF women are not charged a WLF Membership Fee, but are given ‘free time dollars’ when joining WLF, which can be ‘traded with TimeBank members’ or given to the local ‘Community Chest’ (e-mail 22/12/2012). This Coordinator even had plans for leaving mainstream money behind and: ‘moving/transitioning to a “gift economy”, instead of WLF and TimeBank lending and exchanges over the next 60 months’. Indeed, she emphasised that they are currently trialing that possibility (personal communication from Coordinator, 22/12/12). This will increase non-enterprise WLF Borrowers’ ties with the local community, build sustainability for
the Branch and encourage sociability and reciprocity; crucial elements of Christens’ concept of relational empowerment discussed in Chapter 3.

A Branch that has been out of operation for some years as a result of the GFC, and the financial plight of their sponsoring organisation, was revived in 2012 and produced new guidelines. In this Branch, loans now range from $NZ100 - $1,500 and:

- there is an Administration fee of 10% charged on each loan; this is used to support the administration of the fund and the paid Coordinator. A key part of the Angel Fund process is the ongoing support that Borrowers receive from the Coordinator, this support is often noted as a key to women succeeding in their goals and is a key part of the Angel Fund process (Branch Informational Leaflet, November 2012).

Giving Borrowers access to a paid individual within the Branch office, who as part of her paid role can give ongoing support, is a new way of operating for the WLF. It is an attempt to overcome the ‘volunteers-with-little-time’ problem, which I identified in Chapters 6 and 7. This arrangement may facilitate increased contact between Trustees/Coordinators and Borrowers. A number of new Trustees told me they would like to stay in regular touch with those Borrowers they have interviewed. A designated person to contact (or keep in contact with) would allow Borrowers’ ‘cries for help’ (and not just problems with repayment) to be identified promptly and would help the process of building the WLF as a community, an important aspect of relational empowerment.

There are differences then between the Branches, but perhaps not as many in practice as might at first sight appear. For example, as we saw, NI and SI both lent for social purposes even though SI had a formal lending policy which discouraged such loans. Overall, some Branches do focus more on lending for business/enterprise, rather than social loans, but it is a difference of degree, not kind. The Branches seem united by a concern to help where needed, when they can, reflecting the broad philosophy of the
WLF outlined in *The Manual* and discussed in Chapter 5. In essence, both Branches’ practices fit very happily with Christens’ (2012) conception of relational empowerment.

### 8.1.2 Differences between Borrowers and Lenders

Given that the philosophy of the WLF presents the organisation as a ‘community of interest’, it is important to compare directly the views of Lenders and Borrowers, which were presented separately in the last two Chapters. In broad terms, I found that Borrowers and Lenders had similar views of the role of the WLF and how it empowered women. There were some differences between younger and older Borrowers, which are briefly discussed below, and that related in part to the fact that some younger women were borrowing in order to set up small enterprises and, often, preferred it not to be known they were Borrowers. As such, entrepreneurial borrowers were less interested in the more broadly social aspects of the WLF; a point I return to below.

A potential source of division is the clear difference in background between most Lenders and most Borrowers. The WLF is run by relatively privileged women, while Borrowers are usually more disadvantaged. However, as we saw in the last Chapter, all the Lenders I interviewed saw their role as being to help other women, and only one Borrower saw the different backgrounds of Lenders and Borrowers as a major problem. In addition, this potential tension was also defused by the fact that, as we saw in Chapter 6, some Lenders had previously been Borrowers, with all the experiences that entailed, and, as we saw in Chapter 7, Borrowers were generally aware that this was the case.

### 8.1.3 Age Differences Within the WLFs

Riger (1994:291) argues that women’s organisations tend to be flexible and adaptable, stating that: ‘Flexibility includes the recognition of the diversity of beliefs and needs among women for different generations and life situations.’ She also warns that ‘formalization’ can stifle innovation and that women growing up in the 1990s are likely to see women’s issues differently from those who were active in
earlier times: ‘Accepting that feminist agendas will differ as generations change – or as membership expands to include women different from the original founders – is critical’ (Riger, 1994:291). Two important features of these generational differences particularly affect the WLF: different orientations to collectivism, which affect views about community etc; and different attitudes to technology and the internet, which affects views about how the organisation should operate.

(i) Collectivism and Individualism

The younger generation of Borrowers, those under 35, have been brought up in a period dominated by the narrative and practices of neoliberalism, emphasising individualism and competition, and devaluing community and welfare (Larner, 1997). In contrast, most of the Trustees, few, if any, of whom, are under 50, developed many of their views, before the growth of neoliberalism, in a period when community values were still widely shared. This was reflected, to some extent, in terms of awareness of, and allegiance to, the relevance and practice of collective values between the generations. As emphasised in Chapter 6, the WLF has existed for over 20 years and was founded by women who were from a generation who had experienced a tradition of strong women’s collective activism, beginning in the late 1960s. Grey (2006:1) argues that, in New Zealand, as in many developed democracies, the form of protest during this period: ‘challenged existing patriarchal systems of rule.’ She contends (Grey, 2006:1) that this type of women’s movement has been ‘in abeyance’ in New Zealand since the 1990s. This former tradition of collective activism, she argues, has been undermined by the promotion of neoliberalism by successive NZ Governments since the 1980’s. As a result, an individualism has taken root, which is common in societies throughout the West, and knowledge and application of collective values and action have receded (Grey, 2006; Goldfinch, 2000).

As we saw in Chapter 7, the increasing focus on individualism among the young was clearly illustrated by two Borrowers in their late twenties, who had borrowed to establish businesses, were grateful to have money in their hands and felt sufficiently empowered by that fact to concentrate on establishing and running their enterprises. They appreciated the availability of loans exclusively for women, but did not feel
part of a wider group of women as a result of gaining a loan. They also claimed they were too busy running their enterprises, day to day, to meet up and engage with others. To the extent that the idea of getting together with other WLF Borrowers involved in enterprise appealed to them, it was basically as a business networking opportunity. Young Borrowers (mainly for enterprise purposes) like these, were first and foremost grateful to get much needed money in their hands and made it clear that they felt economically empowered by that process. As a result, they felt able to move forward. Apart from wanting interpersonal networking with other Borrowers trying to start enterprises, they were not immediately concerned about additional support; as such, they were less concerned with emotional empowerment. For them, receiving a quarterly statement on their outstanding loan amounts and encouragement when they had paid off a loan, were sufficient regular contact with the WLF. Thus, they were concerned almost exclusively with the WLF role in contribution to their economic empowerment.

(ii) An Internet Presence

The younger generation is much more adept with the internet. While they are not ‘digital natives’ (those aged 25 or less, who grew up with the internet as an integral part of their lives, see Bennett, Maton and Kervin, 2008), they are much more likely to use the internet than women in the WLF Trustees' generation – an observation borne out in my interviews and participant observation. The absence of a web-presence and the limited use of e-mail was felt most by younger Borrowers. One younger Borrower who was trying to get a small, net-based, enterprise off the ground from home and was typical of most younger Borrowers, would have preferred to receive the Branch Newsletters by ‘email’, rather than ‘snail mail’ (interview, 25/3/2011).

While the generational differences are important in relation to the issue of the WLF’s internet presence, in that it has taken older Trustees some time to recognise its importance, time and financial constraints are also significant here. If the organisation did not have to rely on volunteers, it is possible that an organisation-wide website would have been created and installed by now, although some Branches have their own simple websites (see Chapter 5). The fact that it has not
happened, despite the issue being discussed at the last three Annual Conferences (2010, 2012, 2014), highlights the priorities of the women Trustees (getting money out to needy women). The limited funds are used for the latter purpose, with very little (and then usually clearly designated gift amounts) used for administration. Special sponsorship and a dedicated worker would be required to build an organisation-wide website. The creation of such a site is a relatively expensive, technical project, which requires specialist application and the WLF does not have the resources (personal or material) to manage and deliver such an innovation.

At the 2012 Annual Conference, a new Branch Coordinator with experience in IT offered to produce an organisation-wide website. Amidst much enthusiasm, she found a sponsor and the first steps were taken. She also ran a small business and, when this took off, she eventually had to resign as WLF Coordinator and stopped developing the website. Further, the fact that each Branch is also a separate entity, some with their own effective websites, may also preclude them from considering change. There may be problems in reaching younger people if there is not a dedicated organisation-wide website, thus exacerbating the generational differences outlined above. One possibility may be to persuade an IT student to take it on as a research project, given that the WLF has Branches in a number of university towns throughout New Zealand.

It is also important to emphasise that the older WLF women Trustees were constantly looking for younger women to get involved and take over their Branches. In particular, Gwenyth Wright, the remaining WLF Founder realised this transition was a necessity to keep the organisation going. The ongoing attempt to instigate a WLF-wide website was part of this initiative, as younger women do participate in women’s activism, but, as Harris (2010) argues, do it mainly online.

The lack of a coordinated presence on the web also reflects the low-key nature of the WLF and a significant opposition to any move to promote it as a countrywide initiative. Many of the older trustees followed Schumacher’s (1973) dictum that ‘small is beautiful.’ In their view, if their image became too professionalised, vulnerable women might feel that the organisation was not for them. On the other hand, as already emphasised, younger women (even if they are struggling or have
fallen on hard times) now see the internet as a necessary part of their day-to-day lives (see Schuster, 2012; Harris, 2010). More broadly, if no one knows the WLF exists, Borrowers cannot locate their help. Indeed, two Branches reported at the 2009 and 2012 Conference that they had plenty of money, but difficulty in finding Borrowers.

A website would clearly be an important asset for an organisation like the WLF. It would allow them better communication between Branches and between actual and potential young Borrowers and current office holders. Both Lenders and Borrowers felt that better communication would increase the feeling of community both between and within Branches. This sense of community is an important aspect of Christens’ understanding of relational empowerment.

8.2 Relational Empowerment: Community, Relational Trust and Transformative Power

Christens’ (2012) concept of relational empowerment has underpinned much of this research. As we saw in Chapter 3, Christens’ work builds on previous feminist work by emphasising that empowerment is a relational process. For Christens, there are three key features of relational empowerment: community, relational trust and transformative power. Here, I look at each of these aspects of relational empowerment examining the extent to which they can be observed in the practices of the WLF.

8.2.1 Community

As we saw in Chapter 5 the aims of the WLFs, as reflected in The Manual and elsewhere, were rooted in a sense of community in three distinct, but clearly related, ways: first, the WLF conceives itself as a community, with links between the Branches; second, each individual Fund Branch is conceived as a community, with close links between Lenders and Borrowers; and, third, the Funds are encouraged to have close links with their wider local communities, for mutual support. Here, I examine the extent to which my research suggests that it achieves these three aims. The latter two are particularly important for a process of relational empowerment.
(iii) A Loose Federation of Branches

The WLF is a loose federation of Branches, with, as we saw in Chapter 5, individual Branches having autonomy about the way in which they operate. At the same time, the WLF deals with 'growth' in its own way. Most Branches do not have large numbers of women applying for loans, so bureaucracy can be kept to a minimum. To an extent, the WLF works because it is a small organisation: it can be flexible, respond quickly to need and keep the scale of the organisation to something Lenders can manage.

I have shown that growth, for its own sake, is not a key aim of the WLF (see also Saunders, 2006:8). Branches, as small autonomous units, were spun off from a Wellington HQ that wound-up in 2008. Recently, newer Branches have been slow to start up; indeed, a couple have faded and then rejuvenated again (see Chapter 4, Figure 4.1). It was clear from my research that once women understood the amount of work and collaboration necessary to launch a WLF Branch and keep it going, it seemed quite a daunting prospect, as I particularly observed when a group of women interested in establishing a new Branch talked to members of NI Branch at the 2009 Annual Conference. This new Branch never materialised.

As we saw in Chapter 5, the organisation was established with a clear set of aims and a philosophy which continues to hold it together. Indeed, we saw in the last two Chapters that both the Lenders and most of the Borrowers understand and support that philosophy. It was clear, not only in my interviews, but also during my attendance at four WLF Annual Conferences, that it is support for this broad philosophy that plays an important part in holding the organisation together.

This does not mean that the WLF has no problems. Indeed, it seems significantly constrained by the fact that the Branches do not have closer contacts between them. In that sense, it is not a totally successful 'community', but, when they meet, for

7 In 1998 a working party was set up to look into the idea of a WLF Federation. In December 1999 work on this was stalled because: 'the funds were independent entities and because the word Angel could not be copyrighted. This move was not supported by all within the Federation Working Party' (Roberts, 2003:35 and 39).
example at the Annual Conferences, there is a whole-hearted and useful exchange of views and individual women gain a sense of support. At other times, one Branch may help another, as, for example, when I accompanied a group from the NI Branch to give support and advice to another Branch which was floundering. However, almost without exception, the Lenders I talked to would welcome closer contact between the Branches. The problem is largely one of resources, although it is less a question of money and more a question of time. In particular, it would help with communication if the WLF had a stronger internet presence.

The limited contact between Branches prevents the WLF from developing the strong sense of community which would contribute to a more effective process of relational empowerment (Christens, 2012).

(iv) Links between Lenders and Borrowers within Branches

As we saw in Chapters 5 and 6, the WLF is strongly committed to developing a feeling of community within the Branches and between the WLF and the local community. This view of the organisation, and to a large extent its practice, is based on ‘mutuality’ and reciprocity between Lenders and Borrowers and between the WLF and local community organisations and individual members; the core aspect of the idea of community that Christens associated with relational empowerment. The WLF’s women-only nature is clearly crucial here, as the organisation would seem to support Riger’s (1994:291) argument that involvement with a women’s group: ‘may represent the single social structure in women’s lives where, at least ideologically, if not functionally, the status of women is likely to be treated as greater than second class.’ In Riger’s view, women’s organisations attempt to avoid conflict and domination issues by adopting collectivist/egalitarian structures. She argues (Riger, 1994:291) that: ‘Conflict also threatens the sense of community that motivates many women to join feminist organisations.’ This, she maintains, is because of the importance of the group to its members. As we saw in Chapter 6, the WLF plays an important role in most Lenders’ lives.

Branch office holders were also very wary of dominant and controlling working relationships. Women took on the necessary roles, but usually worked together as a
non-hierarchical team, in order to maintain a collectivist structure (Riger, 1994:281-2). Against this background, paid Coordinators have appeared in a number of Branches, but this development is not universally endorsed. Overall, while both the size and the philosophy of the organisation allows it to operate in a more open and flexible way, this does mean that a few Trustees do the bulk of the work; there is certainly a shortage of human resources.

The Branches I studied in detail were very conscious of the need to encourage a sense of community between Lenders and Borrowers, as is clear from the previous two Chapters. In particular, the Lenders, and especially the active Trustees and Coordinators, tried to create a culture in which Borrowers felt appreciated and trusted and, as we saw in the last Chapter, most Borrowers acknowledged and felt empowered by that culture. In effect, the Lenders aim to put the Borrowers first. They are almost all unpaid, but often devote significant time and effort to the organisation and, as we saw in the last Chapter, this commitment is appreciated by Borrowers.

However, my interviewees, both Lenders and Borrowers, did see weaknesses in the sense of community within the WLF Branches. In an important sense, it was a community of minds, not a face-to-face or virtual community. Lenders and Borrowers shared an understanding of the purposes and outputs of the WLF, but they met rarely. Links between the Lenders and Borrowers outside of discussions of the Borrowers’ loans were not discouraged, but in most cases were infrequent. As we saw in Chapter 7, in some cases that reflected a decision by the Borrowers, often because they valued their anonymity, but, more broadly, it resulted from the various demands on Coordinators and Trustees. In addition, we saw in Chapter 6 and 7 that there is very limited contact between Borrowers, again, in part, because of their desire for anonymity. Contact is closest between the Lenders, who may meet at monthly Branch meetings, when interviewing potential Borrowers or at the Annual Conference. These links are facilitated by the fact that most Lenders are middle-class, with a commitment to community development, so they share interests. Almost all my respondents felt that closer contacts between Lenders and Borrowers and among Borrowers would be positive, but all recognised that these problems would be
difficult to overcome in practice. Such contact, fostering a greater sense of community, would contribute to the process of relational empowerment.

(v) Links to the Local Community

As Chapter 6 indicates, WLF Trustees envisaged what Riger (1993) calls a 'traditionally feminine' form of empowerment for their members, where individuals are more likely to be empowered in a strong community setting. WLF Branch Trustees (and a number of Borrowers) are active in other community-based groups, which also choose to encourage a sense of community, connectedness and support, rather than control and domination. As such, the WLF’s organisation is a loose network of networks, which reflects its particular philosophy, underpinned by respect for individuality, solidarity and inclusion. It is also noticeable that the WLF Branches are situated in towns where there is a tradition of actively building community, and the WLF contributes to this tradition. Indeed, one Coordinator described the WLF’s practice as focusing on a ‘re-localisation’ of resources and skills, which, for her, and others who she co-operated with locally, provided an antidote to the depersonalising effects of increasing globalisation (interview 26/3/2011). This focus on the local community is a key feature of Christens’ (2012) concept of relational empowerment.

The process of stewardship and allocating money anchors the Branches and ensures accountability. ‘Other people’s money’ is considered a constant, concrete, disciplining factor and one that all Trustees I met and worked with, took very seriously. Unlike some other community-based organisations, the WLF does not concentrate on a more immediately welfare-based, agenda. In this context, the Borrowers’ responses examined in Chapter 7 made it clear that they felt part of a stable and professional women-only group operating effectively on its own terms, which increased their confidence and self-esteem. The two Branches I studied closely had chosen to function with enough hierarchy to ensure that basic tasks, relating to the control of money matters, the answering of calls, and the provision of information, were done efficiently. However, a key Trustee in SI confided that the Branch had never had an officially designated Chair in the eight years she had been involved. An unpaid Coordinator/Trustee in NI Branch did not hold the office
officially, but chaired the Monthly Trustee Meetings and acted on her own initiative in recruiting new trustees, chasing non-paying borrowers and mentoring and guiding others. These two examples indicate that the Branch’s aim was to be efficient enough to be effective, without becoming hierarchical. This was an approach which, as we saw in the last chapter, was appreciated by the Borrowers who saw it as an important element in increasing their confidence and self-esteem.

Community-building is at the core of the WLF’s view of empowerment, which is one reason I would argue that they are operating with a relational understanding of empowerment. For the WLF, a supportive local community offers the best opportunity for close relations and collaborative working between empowered individuals and organisations in a locality. As indicated in Chapter 6, this involves the recognition of the structural inequality that many women, and certainly the less-advantaged, face and, consequently, the need to redress this disadvantage. Christens (2012), following Speer (2008), terms this ‘transformative power’ and it relates to Riger’s ‘power to’ (1993:282), which identifies: ‘the opportunity to act more freely within some realms through power sharing’. This is how the WLF seeks to empower others, emphasising that individuals become empowered through relationships, as well as through: ‘emotional, cognitive and behavioural processes’ (Christens, 2012:117). Borrowers gained confidence and self-esteem through the process and the WLF also gave concrete resources in the form of small amounts of money, which enabled Borrowers to become more empowered and to have the capacity to take on roles in the wider community.

If they borrow, women are given a loan (material resources), but also, as we saw in Chapter 5, The Manual emphasises the opportunity to access a community-wide ‘support network’. Voluntary Trustees in NI and SI had access to this broader community network, which they often described as providing a ‘holistic’ response to Borrowers’ support needs (interview 26/3/2011). The Branches need these links, because, as noted in Chapter 6, they are run by volunteers, so not all forms of necessary support can be supplied from within the WLF Branch itself. Christens (2012:122) has labelled this process as ‘mobilising networks.’ A number of Trustees emphasised such liaison activity between themselves, their Branches and other
community-based organisations, on behalf of Borrowers. They recognised the
inequalities in access to resources and were determined to ameliorate this situation
for the Borrower, by using their social and professional skills to mediate with other
relevant organisations. This again reflects the idea of transformative power, a crucial
aspect of relational empowerment.

There is also a strong, positive relational context to such networks, as Trustees often
give particular Borrowers personal introductions to others who can help. At the same
time, as Chapter 6 indicated, the WLF has: 'a commitment to making change on
issues that impact those with whom one is in relationship' (Christens, 2012:122). As
an example, a Trustee may personally refer a Borrower to a specific contact within
the local benefits office, a local low-interest lender who makes more substantial
loans than the WLF for enterprise purposes, or a local car dealer who knows the
organisation and is trusted to be fair in his dealings. Another typical example I came
across involved a personal introduction a Trustee gave to a local specialist dentist for
a Borrower who wished to pay for dental work by instalments. All of these
situations were described to me by Borrowers, who very strongly felt that such
referrals increased their confidence and self-esteem, as well as spreading out any
financial outgoings to enable Borrowers to cover them more easily. Once more, this
indicates how both the money and non-monetary factors, such as increased
confidence, are important elements of an empowerment process.

As I have argued throughout the findings Chapters, the relational dimension of
empowerment is crucial in the WLF, but, like White (2009:8), I would extend this
dimension: 'to include a more social orientation that is community, rather than
family-focused. This involves reputation and command of respect; personal
connections beyond the household and an ability to negotiate the terms of these
relationships.'

8.2.2 Relational Trust

Cheston and Kuhn (2002:4) argued that: 'In well-run microfinance programs, there is
a relationship of respect between the provider and the client that is inherently
empowering.' My findings support this view in the sense that the WLF uses a more
holistic or integrated approach, rather than just giving out money. The way in which such respect between women permeates the WLF’s organisational practices is voiced by Borrowers, and has a positive effect on individual self-esteem and confidence, thereby enhancing empowerment.

The idea of relational trust suggests that, in microcredit organisations, a trusting relationship between the organisation and the borrowers is crucial if the borrower is to be empowered through the process. Potential borrowers may find attempting to obtain a loan intimidating; indeed may never have tried to do it. In recognition of this, the WLF’s basic procedures are designed to put self-referring women, needing to borrow, at their ease, keeping necessary interaction simple and building confidence that they can cope, take responsibility for managing a loan effectively and not be overwhelmed by the experience. This is crucial in developing their self-esteem. At the same time, they are also given a lifeline, if they find themselves unable to meet the repayment schedule, agreed at interview. Their circumstances and record are taken into account and they are made aware it is possible for their repayments to be re-negotiated. If they are reticent about contacting their WLF Branch, when problems with repayment do arise, these difficulties can quickly snowball. It is shaming, as some Borrowers emphasised, to miss deadlines, admit failure and have to ask, once again, for special consideration. Branch Trustees need to use well-developed social skills to ensure that the borrowing-related interview (in Australia, Good Shepherd call it ‘The Money Conversation’) is a positive, empowering, experience for the Borrower. For most of my respondents, being approached and dealt with in a personal and caring manner was an important aspect of their interaction with the WLF and their responses show that ‘the interview’ was an empowering experience for them.

My research suggests that, because the WLF functions as a Money-Go-Round, with the money paid back going to other Borrowers, this encourages respect between women as they begin to understand how they are linked as Borrowers and Lenders in the operation of the Fund. It shows ‘women empowering women’ in action and, as the UNICEF Report, *Women and Children: the Double Dividend of Gender Equality* (2007:17), notes:

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Grass-roots women's movements have been the most vocal champions of women's equality and empowerment, but they are sometimes overlooked by national governments and international agencies. Involving women in the early stages of policy formulation helps ensure that programmes are designed with the needs of women and children in mind.

This involvement can build social inclusion, temper power relations and encourage a sense of connectedness and local community feeling, all crucial aspects of relational empowerment.

As we saw in Chapter 7, a crucial aspect of this feeling of connection and trust was the respect that Borrowers felt they received from the Lenders. As McAndrew (2011:362) puts it:

Better for all, then, to envisage a scenario where respect had taken hold as the prevailing point of view. If we begin to centre our attitude and actions on respect, then we will be able to focus on what we can do together, for the common good. In such a scenario, what benefits us individually can be balanced with what benefits the wider community.

As the last two Chapters illustrate, for Trustees and most Borrowers, this mutuality is a core value of the WLF. Respect helps generate trust and increased confidence and self-esteem, all elements of relational empowerment and steps on the pathway to empowerment for Borrowers.

8.2.3 Transformative Power

As noted in Chapter 5, the relatively non-hierarchical structure of the WLF is related to its mission to help women help themselves. This is consistent with Parmar's argument (2003:474) that:
Empowerment occurs in an environment where women can exercise their agency through opportunities to take action: as women recognize their ability to make principled choices and bring about positive change, their perception of their own capacities is enhanced and they become empowered.

She argues (Parmar, 2003:474) that the empowerment process for women ‘is often equated with making changes for them’ (my emphasis) and thereby ‘reducing them to objects of reform, rather than agents of change.’ In contrast, Parmar (2003:474) maintains that, for a process of empowerment to occur, women have to make their own changes: ‘this is the difference between welfare and empowerment.’ Parmar (2003) is arguing that the change empowerment starts to engender is made up of two parts: an internal change, feeling you can do it; backed up by exogenous resources, which are personal, relational and structural, facilitating action. The internal and the external go together and reinforce one another as part of a gradual process of empowerment.

For Parmar (2003:475), those women with more resources need to try: ‘to explore ways in which they can work as women’s allies by offering resources and support and by helping to foster an environment in which women can empower themselves and tackle injustice in their own lives.’ Thus, Parmar (2003:474) stresses the open-ended nature of an effective empowerment process; ‘power-with’, rather than ‘power over’. She argues that ‘(p)ower-with, meaning collective strength and solidarity and a recognition of the potential of a group to act as an agent of change’, goes along with ‘power-within’, meaning ‘increased confidence, assertiveness, awareness of one’s individual capacities and agency and propensity to put that agency into action’ (Parmar, 2003:474). This same tension is also felt to be of major importance by those organising the WLF. They cannot undertake the experience for Borrowers; women have to begin the process of empowerment for themselves (requesting a microcredit loan can be an effective entry point), but they can be aided by being given access to resources and a local network of support and guidance. This highlights the relationship between individual and collective empowerment. For
Parmar, effective individual empowerment always occurs within a collective setting.

In my research, a few Borrowers gave ambiguous accounts of their experiences within the WLF. As we saw in Chapter 7, one of the more disadvantaged Borrowers was concerned that the operation of the Branches rested to a considerable extent on middle-class women’s understandings of the needs and best interests of working-class women. However, the Lenders, almost without exception, and most of the Borrowers, felt that the middle-class Lenders did have an awareness of the power relations involved.

While I am not claiming that these power inequalities were never an issue, both the Trustees and the Borrowers saw the Trustees’ role as acting as facilitators, giving access to help and services within their communities, in addition to the loan. They were in a position to act as supporters and enablers of the process through which individual women can, and often do, empower themselves. They can also provide ‘a legacy of empowerment’ (Christens, 2012:122) for the future. In the case of the WLF, this legacy involves Borrowers being encouraged to save, improve their financial capability and, often, aid the community by becoming Lenders themselves. In addition, by seeking to link Borrowers’ individual actions with community support, the WLF aims to show that the onus is not on Borrowers to bring about changes alone. As Jakimov and Kilby (2006:380) suggest; ‘it is not fair to leave the burden of empowering processes with people least able to do so.’ Accordingly, Trustees aim to help, not to instruct, let alone to blame.

Christens (2012:122) argues that empowered people usually exhibit certain capabilities, including: ‘thoughtfulness and intentionality about group processes, the identification of the capacities of others and strategies for providing others with key opportunities, supports and insights’. He contends that these capabilities can encourage a relational connection for those who want to ‘step out’ from their current financial situation, or from lives full of turmoil, and have the feeling that they have nowhere else to turn. From this perspective, I have also shown that WLF Trustees utilise these capabilities along with: ‘collaborative competence which can express itself through the formation of relationships that bridge social or demographic divisions through the facilitation of the empowerment of others’ (Christens,
2012:122). WLF Borrowers are accompanied and supported in taking steps towards their own empowerment. It is a hand-holding exercise, but also progressive, in that Trustees mobilise networks (Christens, 2012:122) to introduce connections and opportunities for most Borrowers. This establishes a relational connection for those who want to ‘step out’ from their current life situation, be it financial or personal. However, as we saw in the last Chapter it is not always effective. In other words, as I have argued throughout, empowerment is a process, not something that can be switched on, and off. Neither is it a simple linear process. Consequently, individual women may take some of the steps towards empowerment, but not other steps.

Overall, my findings suggest that the practices of the WLF are consistent with Christens’ concept of relational empowerment. In the WLF, concrete, material resources are transferred to women in the form of loans and the additional emotional and practical support the organisation and other community organisations provide. Thus, Borrowers have a better opportunity: ‘to mitigate their social exclusion or enable fuller social participation’ (Boon and Farnsworth, 2011:1). This is evident in the way that the WLF stresses community, rather than individualism. In addition, the WLF emphasises the local and this also involves a stress on personal relationships.

This emphasis upon the relationship between community and empowerment is one of the key features of Christens’ (2012) relational empowerment.

Nevertheless, the WLF also supports ideas of self-help and self-employment, if self-employment is what individual Borrowers want to pursue. However, this way forward for Borrowers is not privileged. The WLF supports the development of women, rather than financial services, and thus a broader sense of empowerment is the kernel of its operation, focusing on much more than steps to employment. It sees the loan as an important step in the pathway to empowerment, but it is only one step. The other steps in the empowerment process, such as respect, trust, empathy and self-confidence are also important steps. Like community, they are also at the core of the idea of relational empowerment.
8.3 Indicators of Empowerment

In Chapter 3, I outlined the eight indicators of empowerment (or ‘empowerment responses’) which Kilby (2011) developed on the basis of his research. However, I argued that they were of less utility in the developed world for two main reasons: first, most are less appropriate in a developed world context (eg. ‘getting out of the house’ or ‘attending village meetings’); and, second, they focus upon actions, whereas I accepted the critique shared by Mayoux, Parmar, Christens and, particularly, Cornwall (2014), that empowerment is also about attitudes and feelings, which are a necessary precursor of action. In this vein, Cornwall (2014:21) calls for attention to: ‘the more intangible shifts in attitudes, esteem and confidence (...) which interventions such as microcredit can instigate.’ These critical authors do not develop indicators. However, I do agree with Kilby that such indicators are important, otherwise discussions of empowerment are too loose. As we saw in Chapter 3, Kilby acknowledges the importance of internalised feelings of empowerment, but his indicators of empowerment are all related to ‘empowerment responses’ or actions. From my research, I can identify the various aspects of an ‘internalised feeling of empowerment’ among Borrowers which can affect their actions.

My research suggests that there are six indicators of an internalised feeling of empowerment that should be considered when examining the operation of microcredit organisations in the developed world. I have listed these indicators separately, although the evidence presented in the last three Chapters indicates that they are related.

8.3.1 Trust

As we saw in Chapter 7, without exception, the Borrowers in my study thought that trust was a crucial aspect of the operation of the WLF, and one which empowered them. The key point here was that Borrowers felt that Trustees trusted them to repay their loans. This trust was a two-way process; Borrowers felt trusted because they were trusted by Lenders, especially Trustees and Coordinators. This two-way process, as we saw, involved a joint recognition of the role that shared collective
values play in the process of empowerment. As I argued in Chapter 7 this has resonance with Christens’ (2012:118) argument that empowerment is best understood as a relational process forged through communication, thoughtfulness and sociability.

8.3.2 Respect

This feeling of trust was also related to the fact that the Borrowers felt they were respected, not regarded as inferior or second class. Indeed, as we saw in Chapter 6, the Lenders were anxious to put the Borrowers first, because they felt that they had been disadvantaged, mostly from no fault of their own. This is associated with transformational power, another important aspect of Christens’ (2012) concept of relational empowerment. In return, the Borrowers trusted the Trustees to deal with them fairly, sympathetically and confidentially. As we saw in Chapter 7, they felt that they were encouraged and respected by the Trustees and saw this as a crucial feature of the WLF, and one which gave them confidence and a sense that they had worth, were valued and could exercise more control over their lives.

8.3.3 Appreciation

The Borrowers felt appreciated, in large part because they were trusted and respected. Most Borrowers, and indeed most Lenders, talked of what I have termed relational trust, based on an empathy between the Lenders and the Borrowers, which allows most, if not all, the Borrowers to feel appreciated by, and at ease with, the WLF and how they operate. Feeling they were trusted, respected and appreciated helped establish a sense of community and of belonging; another important aspect of Christens’ idea of relational empowerment.

8.3.4 Belonging

Most of the Borrowers I interviewed felt that they belonged to the WLF and that the organisation would continue to support them, a reality reflected in the number of Borrowers who received repeat loans. As we saw earlier, this did not mean that Borrowers, and indeed Lenders, did not think that improvements could be made in the organisation and practices of the WLF. But the organisation was important to
Lenders and Borrowers and being part of it was a valuable step towards empowerment for the Borrowers. At the same time, not all Borrowers felt that the WLF was a community to the extent that the WLF would like. One problem, as suggested in the last Chapter, is that the WLF as a voluntary organisation has limited human resources. Remaining a small, self-supporting organisation is a deliberate decision which goes along with a wish to be independent of government agencies and outside funders (Wright, interview 20/10/10).

8.3.5 **Being Comfortable and Feeling at Ease**

For Borrowers, feeling comfortable and at ease was an inevitable result of feeling trusted, respected, appreciated and having a sense of belonging. This meant that most Borrowers were much happier dealing with the WLF than with the banks. As we saw in Chapter 7, these Borrowers felt that the practices of the WLF, particularly in the initial interviews, were designed to put them at their ease and reflected the respect and trust that Trustees had for them. This also gave them confidence and the feeling they had some control over their own situations; important steps in Christens’ (2012) understanding of a relational empowerment process.

8.3.6 **Confidence and Self-Belief**

All the above helped to give Borrowers a sense of confidence and self-belief, whether they were aiming to establish a business or to pay off debts, in order to survive, as a first step towards a better future. This is reflected in Chapter 7 and again is consistent with Christens’ (2012) concept of relational empowerment, which sees confidence and self-esteem as a crucial part of the process of empowerment. Borrowers felt that the WLF was helping them achieve those ambitions.

In my view, these are six indicators of what one might term 'emotional empowerment'. The focus is on feelings, which are the start of the process for the individual, rather than the type of outcomes identified by Kilby. My research suggests that these aspects of emotional empowerment an important element of steps towards empowerment. They cannot be simply measured, but any assessment of whether a woman is empowered, or whether an organisation
successfully empowers women needs to consider these aspects/indicators of empowerment. It is also important to recognise that empowerment is a non-linear process, so these steps do not occur in the same order for all women.

I have emphasised these emotional aspects of empowerment here because they are often neglected in the literature on MCPs. However, it is also important not to neglect the fact that MCPs, in this case the WLF, also provide other, ‘economic’, resources which are key steps in an empowerment process: money; greater financial literacy; and financial reciprocity. Access to money is a crucial aspect of what the WLF offers, if not always the most important. Many of the women who borrow from the WLF are in great need because of the structural inequalities they experience. Others, as we saw, borrow to help establish, or sustain, an enterprise, or to gain qualifications which may improve their employment prospects. Yet, while the money is crucial to all Borrowers, as we saw in Chapters 5, 6 and 7, it is not all the WLF provides, nor all that the Borrowers need or want.

The WLF also encourages the Borrowers to develop greater financial literacy, not because they think that potential Borrowers are the cause of their own problems, but rather because they emphasise the need for the women to take more control over their own lives, a core aspect of, or step towards, empowerment. Here, the Money-Go-Round concept, which highlights financial reciprocity is important for a number of reasons. Encouraging the Borrowers to see that, if they pay-back on time, then money is available to other women, heightens the Borrower’s sense of belonging, and worth. In addition, emphasising that Borrowers can become Lenders, a feature illustrated by the significant minority of current Trustees who were Borrowers, also encourages the views that ‘everyone is in it together’.

Three important points emerge from this discussion about indicators of empowerment. First, the emotional aspects of empowerment underpin the operation and ‘success’, of the WLF. As I demonstrated in Chapters 5 and 6, they are a key focus of the organisation’s philosophy and practices. Second, all these factors are ‘relational’, in that they derive from the interactions within the organisation and are the very essence of Christens’ concept of relational empowerment. Third, while, as we saw in Chapter 2, most of the development literature focuses on microcredit as a
means of economic empowerment, this discussion suggests we should think instead of steps towards empowerment and recognise that empowerment is a non-linear process which is multi-dimensional and unique to different circumstances. In the WLF, emotional empowerment and economic empowerment are intertwined. The organisation illustrates that economic empowerment, particularly for the disadvantaged, is likely, if it occurs at all, to be a process in which there are many steps. It is not a question of a woman being empowered or disempowered. In this process emotional empowerment is very important and, as I have argued, it has a number of related elements, trust, respect, appreciation, belonging, feeling at ease and self-belief. Importantly, the WLF’s philosophy, outlined in Chapter 5, is consistent with this empowering process.

None of this means that there are not social and economic indicators/outcomes of empowerment reflected in actions, as suggested by Kilby. Indeed, in Chapters 6 and 7 I have highlighted examples of ‘successful empowerment outcomes’, in terms of employment and educational and social outcomes, to which the WLF can point. However, the argument I have developed in this thesis is that ‘emotional aspects of empowerment tend to be overlooked in favour of an almost exclusive focus upon more economic outcomes. If I had overlooked these emotional aspects, then I would have neglected very important ways in which the WLF helps empower women.

Conclusion

In this Chapter, I have shown that the way in which the WLF operates is consistent with the concept of relational empowerment, which emphasises community, trust and transformational power. I have emphasised how empowerment involves a strong underpinning of emotional empowerment as well as economic empowerment, with the first in most cases being seen as a precursor of the second. I also outlined some features of emotional empowerment which are crucial for understanding how the WLF operates and which might be considered as indicators in any analysis of the role of MCPs.

I want to finish this Chapter by briefly relating these points to some recent discussions of women’s organisations committed to social change. Grey (2006:5)
argues that the social movement literature pays too little attention to: 'the forms of challenge by feminist movements which are usually non-violent but involve alternative structures as their main form of societal change'.

The WLF fits exactly into her category of a group with an 'alternative structure'. It is flexible, with the Branches having great autonomy. At the same time, unlike most MCPs, even in the developed world, it does not prioritise economic empowerment, but rather sees empowerment as an evolving process in which the emotional element plays a pivotal role. Indeed, I have demonstrated in this thesis that, because of its flexible structure and its values underpinned by an emphasis on community, trust and combatting the worst effects of structural inequality, it is able to 'go on being quietly subversive' (Wright, 2009 Annual Conference Workshop) in relation to mainstream practices. In particular, it highlights the dangers of a philosophy of constant growth and focuses upon the desirability of keeping local money in use locally.

Indeed, the WLF's philosophy and practice also fits with Eisenstein's (2009:16) argument that: 'it is time for the women's movement as a whole to align itself with the struggle for alternatives to the current economic world order.' She fears that organised feminism has been 'seduced' by a globalised focus on individualism and the prospects for female entrepreneurialism and sees the spread of microcredit as part of this process. The WLF remains unseduced. Instead, it has re-localised microcredit.
Chapter 9. In Conclusion

In this thesis I have looked at the possibilities of empowerment for women through participation in MCPs in the developed world. A large part of the literature on microcredit and women’s empowerment concentrates on the developing world experience, where microcredit has been promoted as a ‘panacea’ for poverty. I have taken Muhammad Yunis’s (2007:68) definition of ‘poverty-focused, low interest, microcredit programs’ as being a distinctive type of MCP which focuses on accommodating the vulnerable, low-income, Borrower, with no previous access to safe credit. This is the area in which Yunis and The Grameen Bank of Bangladesh built a microcredit model which has inspired replications and adaptations worldwide. These pro-poor projects are clearly differentiated by Yunis (2007:68) himself from ‘profit-maximising microcredit programs’ which are high-interest charging, commercial organisations, operating in what he calls ‘moneylenders’ territory’.

It is this second type of microcredit, involving lending small amounts at high interest rates, which, as we saw in Chapter 2, is now widely seen as the epitomisation of microcredit. The poor have been shown to be creditworthy, but not ‘bankable’, in the way that mainstream banks work. They are not all ‘simply small farmers or micro-entrepreneurs’ and have ‘complex livelihood needs’, which demand ‘innovations which are dynamic and context-specific’ (Matin, Hulme and Rutherford, 2002:291). Microcredit has even, when it encompasses insurance or formal savings deposits, been called ‘microfinance’ by some practitioners and academics. This is an attempt to bring it into the mainstream. However, on the basis of my thesis’s findings, I argue that the efficacy of microcredit is strengthened when it is: operating outside the mainstream, rooted in human-scale, non-market-based values; self-sufficient in relation to funding; putting its participants first; and remaining small, local and experimental (Wright, 2014), thus resisting exhortations to scale-up (Seibel, 2001; Rogaly, 1996; Taub, 2010). In Chapter 3, I showed that these are elements of the model of relational empowerment and in Chapters 5-8 I illustrated that the WLF’s practices are consistent with relational empowerment. Furthermore, I was able to demonstrate that the emotional aspects of empowerment are at least as important as the economic aspects.
Microcredit in the developing world has suffered a commercial bandwagon effect, enhanced by the media and the actions of large-scale, Western, aid agencies and donors. These parties have recognised a way to 'help' the developing-world poor. As we saw in Chapter 2, they believe that by encouraging MCPs to become self-sustaining, they can play a part in alleviating poverty at no cost and may even make a profit out of it. Morduch (2000:617) has described this as an 'enticing win-win' situation for 'microfinance institutions' and a lot of the popularity of this type of lending rests on this 'win-win' situation. As Morduch (2000:617) emphasises, the argument maintains that 'microfinance institutions that follow the principles of good banking will also be those that alleviate the most poverty' and that 'poor households demand access to credit, not “cheap” credit' (original italics). If these 'institutions' become 'financially sustainable', the argument goes, they will be able to expand, without being held back by the necessity of securing funding from outside donors. In contrast, Morduch (2000:619) points out that: 'there has never been a general presumption that the most effective poverty alleviation programs can be – or should be self-financing.' Similarly, Fernandez (2012:37) argues that 'microcredit is represented as a means of bringing poor people into the market economy', but stresses that 'credit is a temporary and contingent asset', with MCPs failing 'to recognise that poor people (particularly women) face entering markets'. My findings in the developed world confirm that successful microcredit has to be about more than money.

There are different ways to organise the giving of small loans to those who need them, but are not considered eligible by mainstream financial providers. Although the financial-service needs of poor people are now better understood: 'the identity of the microfinance literature with that of microenterprise development is still overarching' (Johnson, 1998:804). Overviews of microcredit worldwide show it is one, money-oriented, means of combatting social exclusion. Rather than alleviating poverty single-handedly, it may be utilised specifically to empower women. This is a gradual process, not a sudden occurrence (Kabeer, 1999, 2013; Cornwall, 2014). As noted in Chapter 3, Mayoux has emphasised (1998a and b, 2001, 2002a and b) the importance of structuring MCPs specifically to empower women and take account of their lived experience. She argues that adopting a general microcredit
blueprint will not work. She and other academic authors discussed in Chapter 3 (Pearson, 1998; Rogaly, 1996; Johnson, 1998) are wary of grafting a microcredit blueprint onto MCPs when they are established, in both the developed and the developing worlds. Each country has its own social structure, culture and economic system, and therefore the way in which microcredit is set up has to be context-specific. As we saw in Chapter 2, the Grameen Bank model has in some senses been used as a blueprint, but most of the programmes inspired by Grameen in the developed world have gradually proved to be adaptations, rather than clones (e.g. WEETU in the UK, the Good Faith Fund in the US discussed in Chapter 2 and the WLF in New Zealand). They have changed some elements when they are seen not to work (for example, encouraging savings prior to loans and lending to individuals, rather than groups).

The majority of literature in the developing world on microcredit has focused on either its role in alleviating poverty, far too ambitious a target, as many have shown, and as we saw in Chapter 2, or, more narrowly, on its role in the empowerment of women. Even here, as is evident from Chapter 2, the main focus has been upon economic empowerment, although the more recent critical literature recognises that empowerment is a process with many features, which operates differently in different communities, in different organisations and for different people. Individuals are not simply empowered or dis-empowered. In reviewing this literature in Chapter 3, I justified using Christens' (2012) concept relational empowerment. Here, my argument, following Christens, was that individuals are empowered within a context in which community and relational trust are key aspects of the process which contribute to what I term ‘emotional empowerment’. In addition, the relational empowerment concept recognises that there is a structural aspect to the context within which the more disadvantaged live their lives. This means that empowerment involves a transformative power element, although this is likely to be more an aspiration, than an actuality. This approach informed my analysis of my case study, the WLF.

In this context my aim in this thesis has been to utilise the concept of relational empowerment to study a women-only microcredit fund in New Zealand, the
Women's Loan Fund. I present an in-depth analysis of how the WLF operates and, as such, as emphasised in Chapter 2, provide a rare full-length study of an MCP in the developed world; in itself an important contribution to the literature. However, the study has two other broader purposes. First, it provides an exposition of the utility of the concept of relational empowerment for helping understand the operation of an MCP like the WLF. Second, I highlight a number of indicators of emotional empowerment, associated with the concept of relational empowerment which I argue are crucial in understanding how the WLF operates and helps empower women.

At present there are eight WLF Branches in New Zealand. I undertook a detailed study of two of them, based on documentary analysis, interviews with Lenders and Borrowers and participant observation. The Branches have significant autonomy and vary in terms of their practices. The WLF has chosen to remain small and the organisation is primarily run by volunteers to avoid large overheads, such as wages. The organisation charges no interest on loans to Borrowers and is based on a Money-Go-Round philosophy, with Borrowers encouraged to repay, so that others can borrow, and to save, if and when they can, and subsequently become Lenders. Perhaps unusually, it has a clear philosophy, underpinned by The Manual, discussed in Chapter 5, which outlines its aims and suggested practices for Branches. It has no interest in scaling-up; rather seeing its activities as essentially local, low-key, human-scale and community-based. There are differences between Branches, but my research showed that the philosophy was understood by both Lenders and Borrowers and, for the most part, informed the WLF’s operation and practices. This is a philosophy which resonates and has a great deal in common with Christens’ concept of relational empowerment, and it is a philosophy which I have shown in Chapter 6-8 informs the WLF’s practice.

9.1 The Main Themes from My Research

Three main themes related to my research questions, come out of my research dealing with: the concept of relational empowerment; identifying indicators of empowerment, particularly, emotional empowerment; and examining the differences between how Lenders and Borrowers view the WLF and its contribution to empowerment.
9.1.1 In Praise of Relational Empowerment

First, I demonstrated that the operation of the WLF is rooted in an idea of relational empowerment. This is not a term the organisation uses and no one in the organisation has read Christens, or indeed anyone else, except in a few cases Yunus, writing about microcredit or empowerment. However, the three main themes developed by Christens (2012), community, relational trust and transformational power, permeate the practices of the WLF. Their philosophy and practice is rooted in community in three senses: they view the WLF as a community, although that could be termed a community of ideas and practices, rather than a community where there is ongoing interaction; second, each WLF Branch views itself as a community, based upon trust and respect; and, third, the WLF Branches operate in close alliance with other community groups, seeing themselves as being part of a broader local network, where Borrowers can be helped by a variety of organisations, as appropriate.

Trust is a crucial basis of the operation of the WLF and it is the type of relational trust emphasised by Christens (2010) and Ellingsen and Lotherington (2006). The organisation rests on trust between the Lenders and the Borrowers. Borrowers are trusted to, and expected to, repay; and they do, with few exceptions. They recognise that, in paying back their loans, and perhaps later by saving, they can help other potential Borrowers. Borrowers are treated with respect. Trustees are appreciated and trusted to preserve the Borrower’s anonymity. The process is mutually-reinforcing and builds self-confidence among the Borrowers; an important aspect of relational empowerment, as distinct from the narrower frame of economic empowerment.

Transformative power is a more difficult concept to use as it deals with difficult questions of power relations. Clearly, the organisation was established to address some of the consequences of structural inequality in contemporary society and, as we saw in Chapters 6 and 7, both Lenders and Borrowers recognised this as a major problem facing disadvantaged Borrowers. As I argued in Chapter 8, the WLF is ‘gently subversive’, and, according to Gwyneth Wright, has always tried to be innovative and reflect what women want, but a small organisation cannot redress the inequalities in the modern world. However, one cannot understand the WLF without
appreciating that they want to make a difference, even if it is a small difference.

9.1.2 Indicators of Empowerment

As we saw in Chapter 3, much of the work on microcredit and empowerment focuses on a narrow economic understanding of empowerment. In that Chapter, I examined how Mayoux moved that debate on, identifying economic, community and individual models of empowerment in microcredit provision, while Kilby (2011) developed indicators of women’s empowerment, based on work with self-help groups in India. Kilby terms these indicators ‘empowerment responses’, but they are of limited utility for examining my case for two reasons. The first point is obvious, but less important. All of Kilby’s indicators involve responses or actions, whereas in my view, shared by Mayoux, Parmar, Christens and others, as Chapter 3 showed, empowerment is also about attitudes and feelings, or the emotional aspects of empowerment, which are a necessary precursor of action.

Kilby recognises the significance of such internalised feelings of empowerment, but he does not include them as indicators of empowerment. In contrast, my work identifies various aspects of the internalised feeling of empowerment that Borrowers experienced and which affected their actions. In essence, these are aspects of emotional empowerment, which, for most disadvantaged women, need to be a precursor of economic empowerment, if indeed economic empowerment is what the women want, which, as Chapter 7 shows, is not always the case. These aspects of emotional empowerment were related and relational and were crucial to how the WLF operated and why it has continued to help a significant number of women. Here, I identify 6 indicators: Trust; Respect; Appreciation; Belonging; Being Comfortable and Feeling at Ease; and Confidence and Self-Belief.

My research suggests that these important indicators of emotional empowerment should be utilised and developed in other studies, in order to move research away from an overwhelming focus on economic and employment outcomes. As others have argued, and as we saw in Chapter 3, empowerment needs to recognised as a process, and a slow process, especially for those who start out with limited resources. It is also a non-linear process, because individuals do not always follow the same
pathway, or steps on the path, to empowerment. Regardless, emotional empowerment is a crucial aspect of an extended process of empowerment and we need to utilise indicators of it in order to prevent the over-emphasis on economic outputs.

9.1.3 Different Views of Lenders and Borrowers

Given the stress the WLF puts on its Branches as autonomous entities, a community of Lenders and Borrowers working together, the question of the extent to which Lenders and Borrowers shared the same views of the organisation and its contribution to empowerment is important. This is so because the idea of community is a central aspect of Christens' concept of relational empowerment. I found few differences between the views of Lenders and Borrowers, although experienced Lenders knew more about the organisation, its philosophy and practices. Nevertheless, both Lenders and Borrowers understood the key aspects of the WLF, that they are: women-only; interest-free; rooted in the community; and based on a Money-Go-Round idea involving individual lending. There were some differences, but they were mainly generational and, given that most Lenders are mature, the difference was between the Lenders and older Borrowers and some of the younger Borrowers, who were less attuned to the collectivist values at the core of the WLF.

9.1.4 Future Work

No case study is representative and mine is a snapshot of one organisation at a particular time. We need more studies which look in detail at the operation of MCPs in the developed world. Some other MCPs in the developed world, for example Good Shepherd in Australia, have a much greater focus on economic empowerment than the WLF. Further studies of such MCPs which went beyond examining the extent to which its Borrowers were empowered in an economic sense, would add a great deal to the literature. My interpretation of the WLF, which fits with much of the critical literature on MCPs in the developing world, is that emotional empowerment, rooted in community and trust, is a crucial step in empowering Borrowers. Therefore, studies which examined the extent to which such emotional empowerment is an equally important step towards greater economic empowerment in MCPs like Good
Shepherd in Australia and New Zealand or First Circle Fund in the UK, would be an important contribution in terms of both the conceptual literature on empowerment and the practical literature on the operation of MCPs in the developed world.

9.1.5 The Future of the WLFs

The WLF has ebbed and flowed over its lifetime. Some Branches are thriving, others less so. Many of those originally involved are now elderly and younger Trustees are needed. However, almost all the Lenders and Borrowers I interviewed were strongly committed to its aims and practices. I hope that in another 20 years, another researcher will still find them operating and worthy of study.
Postscript

The November 2014 WLF Conference programme in Auckland contained presentations by Matt Halsey of Good Shepherd New Zealand and Clare Dale, economist and adviser to Nga Tangata Microfinance. Both described No Interest Loan Schemes (NILS) currently being piloted by their organisations, backed by the New Zealand Government with two large NZ banks providing funding – BNZ (Bank of New Zealand) and KiwiBank respectively.

After 30 years of providing NILS in Australia, Good Shepherd launched a New Zealand Trust in 2012 with the avowed aim of helping the government put loan sharks out of business, promote social inclusion, develop a model which could be scaled-up to suit New Zealand needs and thereby help their beneficiary base, which is primarily disadvantaged women and children. Good Shepherd’s NILS are ‘for new items only (except for cars)’, and are not for business costs, fines, Christmas, weddings or in the form of cash. This is not an emergency service and participants must have a Community Services Card, be able to make repayments and have lived at the same address for six months. The organisation is also importing Step Up Loans from Australia, which lend up to $5,000 at 6.99% interest currently (Presentation by Matt Halsey of Good Shepherd at the WLF Conference, 1/11/2014).

Clare Dale was involved in establishing the ‘first formal microfinance scheme in New Zealand, Nga Tangata Microfinance’, which was piloted in 2011 in Auckland and is based on the Australian Good Shepherd model and accredited by Good Shepherd as a NILS provider, with loan funds provided primarily by Kiwibank (Dale, Feng and Vaithianathan, 2012:311). It targets the same high risk borrowers as PayDay lenders; borrowers who The New Zealand Ministry of Consumer Affairs (2010) reported tend to borrow to cover basic household needs.

As a result of this development, questions were asked at the WLF Conference such as: ‘Is the WLF still needed with all these NILS schemes coming into New Zealand?’ (Annual Conference Organiser, 2014). After all, community organisations such as The Salvation Army and Budget Services are providing a front-of-house service for
this new NILS provision.

Some Conference participants suggested that these new NILS might take the pressure off WLF’s lending for social purposes, thus allowing them to focus on lending for business or steps to business. However, other participants took a different view arguing that there was still an important place for the WLF in providing small loans to women for social purposes. I share this view, which seems amply supported by my research. I have argued that the WLF is rooted in a conception of relational empowerment, based on a strong sense of community and mutual trust. In my view, the WLF works because its Trustees understand the communities in which they operate and their Borrowers’ experiences and needs. As a WLF Branch Treasurer put it at the 2014 Conference: ‘Of course we are still needed by the women who come to us - what we do is personal’ (Conference notes 2/11/2014). I have shown that this model works, but it cannot be scaled-up as the NZ Good Shepherd Scheme proposes.

The Good Shepherd Scheme will fill an important gap, providing bigger loans to women, and men, who need it. It is not rooted in a relational idea of empowerment, because there is not the same emphasis upon community, relational trust and transformative power, and, for that reason, its emphasis is more on economic empowerment, although recognising that Borrowers need to be helped to escape from poverty before they can flourish in the wider world.

I witnessed a step in that direction when I visited my NI Branch immediately after the 2014 Conference, in part to talk to and get some information, from Gwennyth Wright. I attended the local court with two WLF Trustees who were supporting a woman on her own with three children. She was a serial WLF Borrower who had fallen behind with her rent, suffered a recent death in her extended family (she was obliged to pay for the funeral) and was also having to deal with her own serious illness.

With the Judge’s agreement, one of two supporting WLF Trustees wrote a personal cheque to the woman for the rent arrears and the other told me she had already researched getting a $NZ 5,000 Good Shepherd StepUp loan to cover these arrears and consolidate the woman’s other WLF repayments. This had been done
because the Trustees knew the woman and her circumstances, she had a good repayment record and they wanted to support her. It again illustrates relational empowerment in action, suggests how the WLF might interact with The Good Shepherd scheme in the future and intrinsically highlights the WLF’s co-operative attitude, ‘leading the way by example – not competing with other schemes’, which Good Shepherd also have as their aim (Matt Halsey, of Good Shepherd at the WLF Conference, 1/11/2014).
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