

The Limits of Microcredit

Transnational Feminism and USAID Activities
in the United States and Morocco

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AS ONE OF THE MOST ACTIVE AND DOMINANT NONGOVERNMENTAL ORGANIZATIONS (NGOs) for women's causes, the United States Agency for International Development (USAID) has been instrumental in establishing transnational alliances among women in the last decade. It has done this by sponsoring global conferences, by linking international organizations like the United Nations to grassroots organizations, and by funding local associations that provide services to women. However, such activities are also highly contested, with questions raised about whose interests are actually represented. Many feminist scholars have begun to reassess USAID, critically examining its efforts in various regions of the world.

In order to observe more directly the *transnational* influences on these dynamics, however, we compare USAID-sponsored organizations in *two* contexts—the United States and Morocco. Activists in these locations organize around the common theme of microcredit, yet the type of women involved and the strategies they propose vary considerably. We start in the United States with the USAID head office in Washington, D.C., where its global microcredit policy is formulated, and Chicago, where USAID hosted its annual International Women's Business Conference in 1999, convening entrepreneurs and political leaders from around the world for discussions of microcredit. Subsequently, we turn to Fez, Morocco, and the Moroccan Association for Solidarity without Borders, a USAID-funded grassroots women's organization administering microcredit to poor women. Although slightly different in their organizational forms, both of these settings represent locations where microcredit discourse is constructed and implemented. We contrast them to reveal how—within the larger context of USAID—activism surrounding microcredit transforms across the North and South.

Through participant observation, document analysis, and in-depth interviews

of these organizational contexts, we address two issues. First, we contrast the First World *discourses* of microcredit as a global strategy for women's empowerment, with the Third World *application* and *experience* of these policies. In particular, we chart the contradictions in policies that aim to put women at the center of development programs, but have unintended consequences in shifting the responsibility of household income support from men to women, and household labor from women to their daughters. Similarly, policies aimed at invoking "solidarity" among women (by disbursing loans to groups rather than individuals) have counterproductive effects in creating tensions as well as cooperation among women. Second, we discuss the international political relations that obstruct the process of organizing among women's microcredit groups locally and transnationally. We reveal a complicated transnational web of funding, which involves not only the international agencies and the state, but varying forms of big and small local women's organizations. The resulting hierarchy among the NGOs hampers the possibility of linkages of women's microcredit associations—either within the same region or across national borders. Thus, rather than being the savior of poor women around the world, these microcredit programs and the highly tense relations they create among NGOs, the state, and international donors can be antithetical to women's empowerment and transnational feminist movements.

Globalization and the Context of Women and Microcredit

At the heart of the microcredit trend is the process of globalization. In particular, dynamics of economic restructuring, development discourse, and NGOs have been crucial in shaping the discourses of microcredit for women—especially in the South. To start with, restructuring of the global economy has severely restricted labor market opportunities for Third World women. This has been especially accelerated by the "structural adjustment programs" of international financial institutions such as the World Bank and the International Monetary Fund (IMF). Their programs for allocating loans to poor countries and the attached debt repayment policies have devastated local economies, particularly by requiring governments to devalue their currencies and suspend basic social services like health care and education. Women are hit the hardest by such measures: They face an intensified burden from taking on second jobs, a reduction in food and clothing as the limited household resources typically go to men, and an increase in violence (Ault and Sandberg 1997). Furthermore, these programs hurt women in terms of access to formal-sector jobs. In Morocco, for instance, women were deliberately blocked from many occupations during the 1980s when structural adjustment was at a peak: "Public administrations favored male candidacy and rejected the female ones under the pretext that during economic crises it is more appropriate to offer jobs to men and not

to women" (Daoud 1993). This unequal access to jobs by gender was sustained during the 1990s as well; the rate of women's employment decreased from 17 to 16 percent between 1995 and 1998, while the rate for men increased from 52 to 53 percent (Secretary of State 1999).

Partly in response to this phenomenon, there has been another major trend within global economic restructuring affecting women in the South—the rise of the *informal economy*. Informal work is defined as unprotected labor (Ward 1990), which means that it is neither "on the books" of employers nor recognized or regulated by the state (Collins and Gimenez 1990). It usually includes activities such as domestic services, commerce and trading, small-scale home production of handicrafts or food to sell on the market, or subcontracting of illicit products within homes or semicovert enterprises. Although once thought to be a passing phenomenon, the informal economy has been thriving, particularly since the 1980s (Benería 2000; Portes, Castells, and Benton 1989). Moreover, with shrinking opportunities in formal-sector markets, informal work has become especially important for women as they look for sources of income. Because informal work straddles the formal economy and household, it often "provides the intermediate link" between public and private spheres and the most accessible form of paid work for women (Ward 1990). Thus, in many regions of the world—especially Africa—women represent the large majority of informal workers, as well as the majority of informal economy contributors to national gross domestic products (GDPs) (Benería 2001).

Not surprisingly, there is a great deal of gender stratification in informal work. Women typically participate in the informal economy to subsidize their earnings and maintain the class position of their families, whereas men do so as a profit-seeking endeavor and often as a means of occupational mobility. In turn, while men's informal work is characterized by high pay, opportunity, and power, women's work is more often poorly paid, isolating, and routine. Many also argue that women's work in the informal economy is central in maintaining the global capitalist system: It provides services that sustain households, augments wages for families on the brink of poverty, and allows capitalists to bypass expensive and politically threatening labor relations that exist in the formal economy.

While economic restructuring has reshaped the patterns of women's labor market activities, dynamics of "development" have reshaped the orientations that international agencies have taken regarding aid to poor women. Promotion of self-employment has increasingly become the dominant model of assistance to women in the Third World. This has come largely in response to the "successes" of the Grameen Bank in Bangladesh. Started in 1976, this bank began by giving small loans to men and shifted to women in 1983 (Kabeer 1999). It experienced such high rates of return (90 percent) on such large volumes (\$500 million in 1995) that it no longer requires sponsorship from governments or international agencies

(McMichael 2000). This model is being replicated around the world now, and women are being targeted in larger and larger proportions.

The broader source of this shift lies in paradigms of foreign aid in the North. Some argue that strategies for alleviating poverty have transformed over the last century from "development," which favored nation-states as the agents, to "globalization," which favors international markets, financial institutions, and corporations as agents (McMichael 2000). This has accompanied a change in focus from "development as charity" to "development as business," in which private lending associations are favored over public service agencies to assist the poor. Microcredit has an important role in this context:

[T]he development community is riding the microcredit band-wagon given that it is consistent with the dominant paradigm of self-help, decentralization, and stimulating "social capital" at the local level to promote community-based entrepreneurship, and given that structural adjustment programs have forced the poor into self-employment. (McMichael 2000, 295-96)

Feminist critics point out that these forms of aid rely upon a neoliberal economic agenda of development through individual women rather than through structural changes in the economy (Kabeer 1999; Prugl 1996). Along these lines, we argue that the discourses of microcredit in USAID also divert attention (intentionally or unintentionally) from the disastrous effects of IMF and World Bank austerity measures, and deflect the potential for more transformative programs of women's economic advancement outside of the informal economy.

Finally, a third dynamic of globalization that has affected the role of microcredit for women is the growth of NGOs. These organizations—which export microcredit programs from the First World and implement them in Third World countries—have increased exponentially over the last decade. Indeed, at least half of the women's NGOs in Morocco were founded after 1985 (Ministry of Employment and Social Affairs 1995). This trend has been prompted by privatization, the massive withdrawal of many Southern governments from the public sector, and the resulting increase in need for community-based services by the poor. The dynamics of NGOs become important, however, in terms of their capacity to negotiate between international sponsors and local grassroots women. Moreover, recently there has been lively debate among scholars as to whether NGOs hinder or promote women's empowerment and international solidarity (Tinker 1999a). Some characterize the debate in terms of two views (Basu 2000a): one in which transnational women's organizations are eclipsing and co-opting local associations through their linkages with the state (Alvarez 1999), and another in which NGOs are helping local associations thrive by creating viable global feminist networks (Moghadam 2000).

We would like to contribute to this debate by revealing a case where both trends seem to be emerging. First, we find consistencies with the "cooptation" thesis, but also argue that the picture is more complicated than previously portrayed. Rather than simply an issue of NGOs co-opting local movements, the case of USAID in the United States and Morocco demonstrates the existence of many other mediating factors: namely the state and its interests in privileging some NGOs over others, the hierarchical relations among NGOs, and the precarious interests of the international agencies, which shift frequently. Moreover, dynamics of NGOs are also related to the class politics of the NGO leaders themselves, and their conflicting interests in seeking state and international support, in meeting the needs of their clients, and also in enforcing their middle-class development agendas on working-class women (Alexander and Mohanty 1997; Staudt 1990). Thus, it is the relationship of all these factors that creates tensions for leaders of grassroots NGOs.

Second, we also find some evidence of local benefits to transnational networking. However, we find that the opportunities for this are highly constricted by the relations among the above actors. Local grassroots associations in Morocco are permitted to engage in such activities only when powerful NGOs and the state provide an occasion to do so. In fact, even *regional* networking among microcredit associations is impeded by hierarchies among the NGOs. Thus, we need to ask how it is possible to find opportunities for *international* feminist linkages in the context of transnational organizational webs.

We did field work in two locations using participant observation, interview, and document analysis methods. From the United States, we examined USAID's official policy through reports, policy statements, and congressional addresses produced by its head office in Washington, D.C., and we participated in an international microcredit conference held in 1999 in Chicago, Illinois: "Lessons without Borders: Women Mean Business." From Morocco, we conducted a case study of a USAID-sponsored NGO, the Moroccan Solidarity without Borders Association. This research was conducted in December 2000, through interviews with organization leaders, agents who administer the loans, and women who receive the loans. We also observed two of seven microcredit centers where women come to pay their loans, visited with clients in their homes, and analyzed NGO and Moroccan government documents.

Our study begins by looking at USAID in the United States context with an analysis of its head office policy and its Chicago conference. In this section, we highlight the principal elements of USAID microcredit philosophy and the way it reflects the interests of the North. We also reveal how this philosophy is adopted and articulated by world microcredit leaders as they gather for the conference. From there, we move to Morocco and explore the dynamics of USAID microcredit programs in the South. We examine the complicated network of local and interna-

tional actors shaping the operations of a grassroots microcredit NGO. Then we trace the series of events that shifts the relation between USAID and the NGO, and creates different tensions for NGO leaders and clients. We conclude by emphasizing the disjuncture between the formation of microcredit policy in the North and its implementation in the South, and the obstacles this process poses for transnational feminist activism through NGOs.

A View of USAID in the First World

USAID is one of many international funding organizations from the United States that supports women's development activities worldwide. What makes this one unique, however, is that it is sponsored by the U.S. government. USAID began its formal commitment to women's issues in 1973, when the Foreign Assistance Act was amended to include the incorporation of women into national economies as part of the foreign aid policy (Lycette 1999). Shortly after, USAID set up an Office of Women in Development (WID), which was crucial in eliminating many of the egregious male biases in USAID policy that had existed to that point. For example, the agency began collecting data on women as well as men, and including women in programs that had previously been reserved for men. In addition, the WID office developed specific programs to enhance the role of women in the development process, such as those on family planning and educational enhancement.

The Philosophy of Microcredit

Microcredit, or a small-business loan, is the primary *economic* component of the WID agenda. In this paradigm, access to credit for running one's own business is seen as the best strategy for promoting labor market opportunity for women. The ideological rationale for such an agenda is rooted in a neoliberal framework in which empowerment is achieved through individual means. It is a bottom-up approach to development, in which women are responsible for raising their own economic status by means of small amounts of cash. In such a framework, there is little consideration for structural barriers to that process or any collective responsibility by the state, NGOs, social service organizations, or others. Moreover, it is a policy that focuses narrowly on women, sometimes without regard for the larger context of their families, social networks, or communities.

Thus, the practical aim of the program has been to raise the participation of women in self-employment to that of men. WID stipulates: "Country strategies, projects and programs should be designed so that . . . the percentage of women who receive benefits would be in approximate proportion to their traditional participation in the activity or their proportion of the population—whichever is greater"

(Lycette 1999, 2). In other words, gender parity is the officially stated priority for women's economic empowerment. What is interesting about the microcredit program, however, is that WID shifted from a view that "microcredit is good for women" to a view that "women are good for microcredit." Not only did WID start to target women as recipients for the program, but it decided to make these programs *predominantly female*. In a report to the U.S. Congress, WID directors stated,

USAID's Microenterprise Development programs . . . bring a special focus on women. Overall, USAID supports loans and business services for a clientele of microentrepreneurs that is more than 50 percent female. In many cases, women constitute up to 90 percent of entrepreneurs receiving services of loans for business development. In recent years, this has translated into approximately \$150 million a year focused on women business owners. USAID has maintained this focus on women as entrepreneurs for over a decade and will continue to do so in future programming. (USAID 1999, 20)

The question becomes, then, if the larger USAID mission is for *proportional representation* of women to that of the larger population or the economic activity, why are microcredit programs weighted to favor women? With much candidness, the director of USAID notes, "In microenterprise, there was no particular compelling rationale, at least in the 1970s and early 1980s, for a focus on improving the lot of women entrepreneurs. [Yet] . . . when women were included in microenterprise projects (initially, inadvertently), we saw very strong performance: high repayment rates, good project success" (Lycette, 1999, 2-3). Thus, the motivation for this focus on women has less to do with any philosophical commitment to "women and development" than with practical issues of loan repayment and program success.

Indeed, the relation of USAID to its own funding source, the U.S. government, is an important factor in how WID orients its policy. Because of its quest for external legitimacy, USAID seeks to prove its "success"—both in terms of global representation of its programs and financial security of the loans. One of the immediate effects of the WID policy agenda is a passion for numbers. USAID leaders aim to illustrate that microcredit has reached the largest number of women possible around the world. Their documents on women's participation in microcredit read like stock market reports: "During 1996, USAID microenterprise programs in 54 countries supported more than 300 institutions. More than 1 million clients were reached . . . with the average loan size about \$300—more than two-thirds of the clients were women" (USAID n.d.-c). Indeed, quantitative measures are used exclusively as indicators of women's empowerment. In its report to Congress, WID lists its measures of program success as the number of clients receiving small business loans, gross educational enrollments by sex, increases in annual

achievement test scores by third-graders, the percentage of women voters who vote in elections, and similar measures (USAID 1999). WID is particularly proud of the program in Morocco, where success is measured in terms of "the number of business licenses granted to women." Under this framework of getting as many women as possible involved in microcredit, the success of the program is defined in purely quantitative terms—rather than in the *quality* of women's lives. Neglect of the latter issue leads to many unintended consequences for how the programs affect women's daily lives. Problems are also evident in the way USAID regulates the terms and conditions of funding for microcredit programs in NGOs.

The Terms and Conditions of Microcredit Programs

One of the most significant effects of the WID discourse for NGOs in Third World countries is the issue of gender within the funding requirements. USAID has recently included the number of women participating in the program as a condition for support: "The extent to which field Missions are addressing gender issues in their programming can now be a factor in how much funding they receive for future programming" (Lycette, 1999, 4). With such a condition, NGOs are effectively discouraged from including men in their programs. While such a plan sounds as if it would help women, it can have the opposite effect on their household dynamics, as we will illustrate below.

Another consequence of the WID discourse is that *informal* sector programs are favored over those in the *formal* sector, even though the conditions of the informal work are insecure and there are often serious risks to women's safety (Boris and Prügl 1996; Collins and Gimenez 1990). However, development programs tend to favor this type of work for microcredit, since informal-sector jobs are already widely available to women, and are much easier to promote than formal-sector jobs. A USAID policy statement asserts, "Special programs of non-formal education and vocational training must be provided to help these women develop skills for employment in the formal sector and increased income earning opportunities in the informal sector" (USAID 1982). Formal-sector jobs are included in the general plan, but only in terms of "non-formal education and vocational training"—in other words, premarket skill enhancement rather than market-based material support. Thus, it is only in the informal sector that USAID provides financial resources in the form of microcredit loans. The problematic aspect of this approach is that USAID enhances women's opportunities in highly erratic and unprotected sectors of the economy, rather than through job creation in the more secure and unionized sector of the formal economy.

A third condition of funding that emerges from this agenda is a particular arrangement for disbursing microcredit loans to women entrepreneurs called the

"solidarity group." Rather than providing loans to individual women, USAID requires that loans be allocated to small groups. A regional report explains the rationale for this:

Microenterprise development is an economic strategy well-suited to local urban communities. Lending to groups rather than individuals creates group solidarity, which, in turn, harnesses peer pressure and peer support. It also represents an opportunity for empowerment of local communities through education and training, not just access to capital. (USAID n.d.-a)

Under the rhetoric of "solidarity," these programs promise that group lending will promote cohesion and "support" among poor women; microcredit will be conducive to and complementary to other development programs, like education and training; and finally, giving microcredit to groups of women will enhance the community as a whole. Indeed, there is a taken-for-granted and unreflective tone to discourses such as these that fails to consider the incongruities of such policies with the lived experiences of women receiving the loans. In fact, few of these promises are fulfilled in the case of the Moroccan women in our study, as we will show below; solidarity groups create as much tension as they do cohesion; microcredit creates so much work for women that it overshadows the possibility of participating in other development programs; moreover, microcredit ultimately traps low-income families in their socioeconomic position rather than enabling mobility.

Finally, it is important to note that, couched within these grand pronouncements of support for poor women in Third World countries, there are also subtle hints of tension in USAID policy when it comes to the local NGOs that represent such women. This is particularly true of USAID's orientation toward grassroots organizations, which is sometimes articulated in distrustful terms:

Typically, organizations selected to undertake income-generating activities for women have had little technical expertise and yet have been selected because they are organizations exclusively of women. The objectives of these programs tend to be welfare-oriented and ill-defined; their activities often fail to provide women with real opportunities for generating income over the long term. AID should support the upgrading and development of implementing institutions based on their technical capability or potential expertise. AID will support the funding of women-specific organizations only to the extent that they meet with this criterion. (USAID 1982, 11)

Indeed, USAID—like many other First World funding agencies—has a tendency to differentiate NGOs according to what they consider "responsible" versus "irre-

sponsible" local associations when it comes to managing money and instituting microcredit programs. The implicit bias in these categorizations is that "technical expertise" is often valued over being "women specific." Moreover, the former qualities are more often found in the wealthier, state-supported NGOs than in the poorer, autonomous ones. Indeed, "responsibility" is determined not so much in terms of representing the interests of grassroots women but in terms of financial and bureaucratic viability. Such categorizations are harmful because they contribute to the hierarchies among local NGOs, which is a central issue in our analysis here.

Organizing for Microcredit in Chicago

In the summer of 1999, USAID hosted the Second Annual International Women's Business Conference in Chicago. The conference is connected to a particular initiative of USAID called "Lessons without Borders," established in 1994 through a collaboration of USAID Administrator Brian Atwood and former vice president Al Gore. The purpose was to promote an exchange between policy planners and community activists across national borders, to share development strategies, and find mutual solutions to a variety of problems, like those of health care and education. The program's interest in microcredit led to the establishment of an annual conference with the theme "Women Mean Business: A Global Exchange."

What this event shows with respect to our study is how WID discourses were articulated and reproduced on a global scale. Indeed, the neoliberal formula for women's empowerment was appropriated by policymakers and local businesswomen alike. In addition, many of the USAID policies were legitimated with new discourses not necessarily present in the organization's formal documents. Finally, even the most economically marginalized women at the conference reproduced this agenda as well, illustrating the power of the discourse as it travels the globe.

The Participants

The participants of the meeting reflected the global elite of microcredit campaigns. Several hundred politicians, businesspeople, and activists (mostly female) from 30 countries attended. The conference also included a number of high-profile speakers, including Queen Rania of Jordan, USAID Ambassador Harriet C. Babbitt, Illinois Senator Richard Durbin, and—via videotaped message—former first lady Hillary Rodham Clinton. The majority of the other speakers were microcredit planners: bank representatives, representatives of consulting companies, government officials, and leaders of nonprofit service organizations or NGOs. In addition, there were a few microcredit recipients—the "exemplary" ones—who had received loans and achieved great success with them. Conspicuously absent from speaking

roles in these meetings were the intended beneficiaries of USAID microcredit. According to its stated goals for the microcredit program, *Lessons without Borders'* first aim is to "assist the efforts of the poor, especially women" (USAID n.d.-b). However, few of these people were represented as speakers in the 25 sessions at this event. Rather, members of USAID-sponsored NGOs, flown in from around the world (and who constituted roughly two-thirds of the conference participants) were meant to observe the "experts" rather than talk with them. This disjuncture led to a number of tensions and contradictions in articulating women's policy strategies.

Discourses of the Global Elite

Speakers at the large-scale events of the conference—the keynote and plenary sessions—invoked the individual-based, neoliberal paradigm regarding the sources and solutions of women's economic disadvantage. Several presenters emphasized how the central problem for women is restricted access to capital. For example, Hillary Clinton spoke of women being turned away from banks, and Ambassador Babbitt emphasized that women worldwide are left out of economic decision-making processes. Maria Otero of Accion International remarked that less than 10 percent of self-employment credit loans are given to women and that, therefore, what is needed is to "value women's contributions in business, expand women's economic opportunities, and bring an urgency to women's business worldwide." Thus, the prevailing ideology of women's subordination involves blocked opportunities to credit.

In turn, if barriers to capital are the problem, then small-business loans are the solution. Even when some speakers expressed the need for a variety of strategies to empower women, they still pointed to microcredit as the central vehicle. Queen Rania stated, in her keynote address,

There are many ways to increase women's economic opportunities. . . . A key component is expanding access to credit. Microfinance has proven to be an experience worth being shared and further developed throughout the world. Numerous communities are beginning to benefit from outcomes, and we should look into ways to expand its effects as a tool for socio-economic development. (Rania 1999)

Indeed, the general tone of the conference reflected this unquestioning support for microcredit and its potential.

The discourses by these world leaders also reflected a new legitimation of the gender focus of microcredit programs, which involved a particular characterization of women's innate abilities in managing business matters. Many speakers similarly commented on women's strengths in juggling multiple demands—and still

achieving amazing feats. Ambassador Babbitt cited women's talent in "multitasking" as their biggest competitive advantage as entrepreneurs. Likewise, one of the most popular speeches came from the representative of Shorebank Advisory Services, who used an image from Bangladesh to capture this theme. She described a poster of Laxmi, a goddess with many hands, each tending to a different task simultaneously: one caring for children, one cooking dinner, one carrying water, one caring for her husband, and yet another running a street vending business. This Laxmi image was then invoked by speaker after speaker in the subsequent presentations, as a model of how capable women are in handling microcredit.

What is especially notable about this discourse, however, is the way it used in conjunction with "poor, Third World women" and the context of development. Indeed, the valorization of poor women's skills in "single-handedly" solving their own problems (as well as those of their families) reinforces the notion that development is best treated from the bottom up, and that woman should be starting point (UNIFEM 2000). When phrased in these terms, poor women are constructed as superbeings who are inherently capable of overcoming the entire weight of development single-handedly—that is, pending their microcredit disbursement. In such a scenario, why should anyone ask men, the state, unions, or international bodies to interfere? But as flattering as it may seem to praise women's multiple skills, this ideology has problematic implications in justifying development schemes that place much of the responsibility on women. Ultimately, this rhetoric of the self-empowering Third World woman provides a rationale—where before there was little—for the women-centered policies of USAID.

Voices from Below: Reproducing the Discourses

Even though there were few opportunities to hear from the microcredit recipients themselves at this event, the voices we did hear from the Third World tended to reflect these same themes. The small-business and NGO leaders from industrializing countries reproduced the uncritical discourses regarding microcredit and its role in development. From Bolivia, a microcredit director said that "loan giving would break the cycle of dependency among the poor," and that women merely need to "seize opportunities" and "take risks" to enhance their economic power. A leader of an entrepreneur association in Ghana pointed out tensions of infrastructure and international debt in her country, but ultimately advocated strategies of building "networks for partnerships" and "sharing of information on the availability of goods and technology" rather than any material or structural changes in policy.

The discourses of nonwhite speakers from the United States also reinforced the self-empowering themes of poor women. An African-American entrepreneur described the astounding hurdles she overcame to build a successful business in the

food industry—Michele Foods. She began as a divorced, welfare-dependent, single mother of three girls, who wanted to start a business. After selling all of her possessions for startup capital, she moved into her mother's house, where she manufactured products in the basement. After surviving years of hard physical work—and a brain tumor—she finally achieved a nationally recognized business. She attributes this success to the multigenerational contributions of the women in her family, once again legitimizing the notion that poor women are expected to build their own support networks when enduring severe hardships.

The purpose of this discussion is not to place blame on these women microcredit leaders, because many of them have devoted their lives to increasing opportunities for underprivileged women—some at much personal cost. For example, a woman from Latin America described how she was stigmatized by colleagues and society for just proposing the idea of loans for the poor. Similarly, although many of the proposed solutions for women's economic problems tended to be at the individual rather than structural level, they are still important in breaking the isolation for women entrepreneurs. This was articulated well by a South African construction contractor who said she had never met another female business owner in her country, much less from other regions of the world.

Instead, the aim of the discussion is to examine how the subtle and not-so-subtle dynamics of a conference such as this coalesce to reinforce the WID agenda of microcredit. One key factor is the lack of representation by microcredit recipients at the WID conference. Another is the lack of critical perspectives toward microcredit. There were few forums in the conference to express alternative views to this prevailing ideology, nor any events to discuss the philosophy or implementation of microcredit programs. There were sessions, however, on business strategy, technology, and human capacities, but no sessions on how to run a microcredit program or what some of the obstacles might be. Thus, this conference illustrates how USAID policy is being formed and supported at the First World level, and how even Third World microcredit leaders are adopting this dominant discourse leading to its exportation around the world.

A View of USAID in the Third World

We illustrate some of the difficulties of transporting these policies overseas and implementing them at the grassroots level through the case of the Moroccan Association for Solidarity without Borders (AMSSF), a USAID-funded, grassroots microcredit organization in Morocco. We argue that the obstacles faced by AMSSF are rooted in the ideology of microcredit, and in the transnational bureaucratic web in which it must operate. We also argue that the resulting tensions are experienced differently by AMSSF leaders and AMSSF clients: Organizational leaders feel strain

as they attempt to maintain and expand their grassroots service organization within a hierarchy of NGO, state, and foreign actors; members feel strain as they negotiate the demands of microenterprise activities, with those of the NGO programs, their families and households.

AMSSF started its activity in 1989 as a sociocultural NGO in the city of Fez. Originally, it provided training programs in sewing and embroidery, but this metamorphosed into a microcredit program in 1993 when some members wanted to set up an individual microenterprise. In order to respond to the community, AMSSF leaders sought USAID funding. With this support, AMSSF increased its membership from two clients to about 600 over the period of 1993 to 1997, and eventually to about 2,000 between 1997 and the present (the relevance of these periods will become clear below).

The major activity for which AMSSF clients seek microcredit is informal trade, which is the case in many other regions of the world as well (Blumberg 2001). Many of the clients are poor immigrants from rural regions around Morocco, who end up geographically isolated in the suburbs of Fez where job opportunities are particularly scarce. Therefore, many travel at least once a week to the Spanish border in northern Morocco (fig. 12.1) to buy European wholesale goods (especially clothing, home furniture, and auto parts) that are cheaper than those made in Morocco because there are no taxes. The rest of the week, microentrepreneurs commute to various regions of Morocco, primarily to the rural areas near Fez, where they sell their goods to retailers at open markets.

These women receive loans ranging from 200 DH (\$20) to 1,500 DH (\$150) to support such activities. There are many conditions and requirements for these loans. Payments must be submitted on a weekly basis, and no matter the amount of the loan, the total reimbursement is due within a period of four months. If loans are paid off in this time period, the client is eligible for another loan of a higher amount. The maximum loan, however, for any individual at any point in their membership with the organization is 1,500 DH. (The loan amounts and requirements change when AMSSF switches its sponsor organization, so that its current policies are slightly different). Another important condition (which does not change) is that loans are provided only to groups of five—not to individual microentrepreneurs. Thus, there is one loan per group, and one payment per group. If one member of the group is not ready to repay the loan on time, the other members must pay for her/him.

At present, the organizational structure of AMSSF includes a central administrative office and seven service centers around the country, at which 22 agents directly manage the loans. These agents often make individual trips to each member's home. Aside from microcredit programs, AMSSF also offers development programs in literacy, health, and rights.

The Context: A Transnational Web of Aid

AMSSF grew as an organization through a complex web of transnational and local actors. Although it started as an autonomous grassroots organization providing microcredit for poor entrepreneurs, it was able to maintain itself and expand its activities only through international support. There are several international and national actors in the story of AMSSF (see fig. 12.2). The first is USAID. In the early 1990s, USAID sought to provide development assistance in Morocco but did not want to deal directly with the public. Rather, its interest was in working through mediating organizations, which it considered more experienced and trustworthy. Therefore, it turned to the second group involved in this scenario—the big NGOs. USAID provided funds to one big NGO—Catholic Relief Services (CRS), a U.S.-based worldwide organization operating with offices in Morocco among other nations (Salah-dine 1992). CRS, in turn, created and allocated funds to another NGO—the Moroccan Association for Solidarity and Development (AMSED). AMSED is another big NGO, but one that has more familiarity with grassroots organizations better than CRS because of its local origins in Morocco.

However, because AMSED does not have direct contact with clients, it in turn delegated this responsibility to yet another organization. This was AMSSF, a member of the third group in the NGO web—the small NGOs. AMSSF is considered such partly because of its size, but more for its grassroots orientation. AMSSF

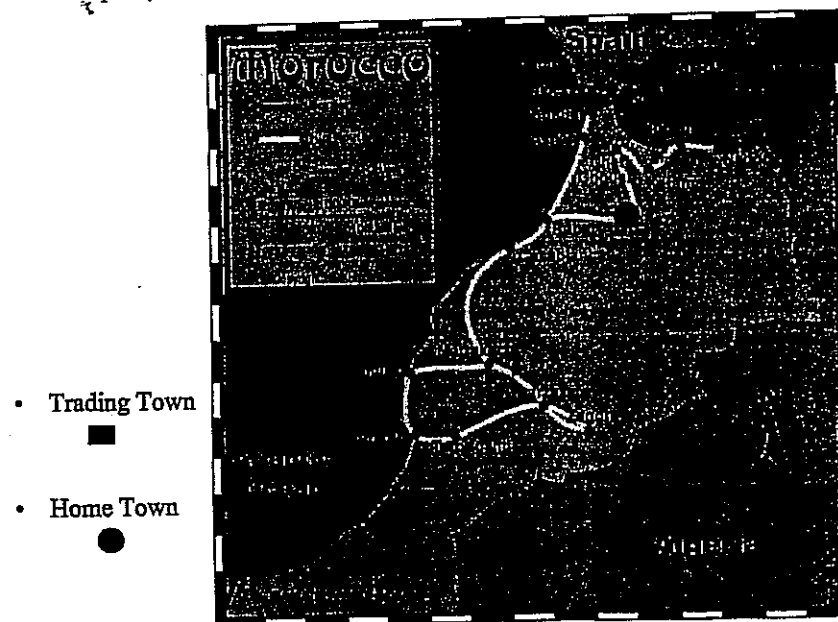


FIGURE 12.1: Informal Trading Routes of Moroccan Women.

was responsible for setting up and managing the microcredit programs, with the financial support and oversight of ASMED. Put together, the transnational chain of funding went as follows: Microcredit funds were transferred from USAID to CRS, then to AMSED, which would make decisions about procedures and the use of money, and finally to AMSSF for implementation. Thus, even though USAID does not have direct influence on AMSSF in this scheme, USAID is active as the source of both funds and policies.

There are additional actors in this scheme that make the chain more even more complicated. One is another big NGO called "Zakoura." This NGO has been in Morocco for quite a while, but started its Fez operations in 1996. It is an important player in this scene, because it is the only other major microcredit association in Fez and has a much larger membership than AMSSF. This is in part because it has a larger funding base through local private-sector sponsorship alongside international aid. Finally, the last actor in the web—but not by any means the least influential—is the state. The Moroccan government, specifically the arm of the Ministry of Industry, plays a large part in casting the relations among the various NGOs by enhancing the legitimacy of some over others.

Complicated as it is, this bureaucratic web benefits many of the groups in-

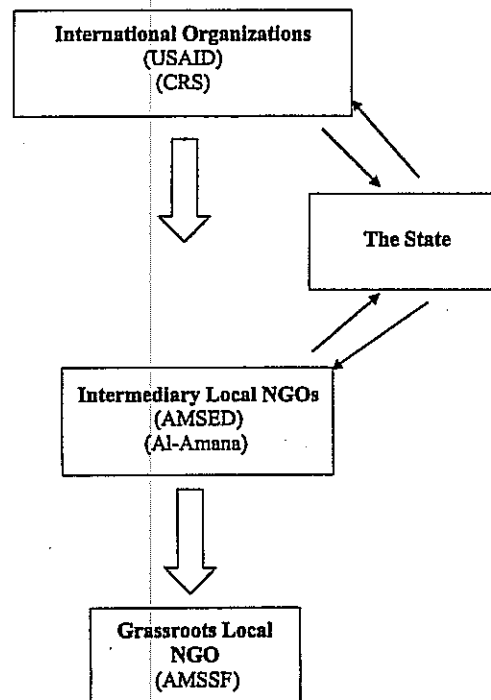


FIGURE 12.2: *Links among Actors in the Transnational Organizational Web.*

involved. First, it benefits transnational organizations like USAID because it is able to work through organizations that are locally based but still highly controllable. (Indeed, some foreign associations create their own NGOs with Moroccan names in order to mask their outsider identity). Second, the state benefits because it gains the attention and funding of international organizations. Third, the big NGOs benefit by gaining favors from the state (such as training, housing and infrastructure, and indirect access to government funds) as well as international assistance and visibility from groups like USAID and the United Nations. For the small NGOs, however, the benefits are not so straightforward. Although they gain access to funding unavailable otherwise, they also experience strains from the complicated hierarchical relationship of the other actors. However, this situation impacts AMSSF leaders and their female clients in different ways.

Tensions for AMSSF Leaders Seeking Aid

AMSSF leaders quickly learned that mediating relations in the NGO web was not easy. They also learned that this web is dynamic, changing, and requires frequent adaptations. Thus, the tensions for AMSSF leaders can be characterized by two stages.

The Early Stage: Braving the Lengthy and Hierarchical NGO-IGO Chain

The first stage was based upon the USAID-CRS-AMSED-AMSSF chain, which the members of AMSSF describe as "painful" and "frustrating." They recount the experience of seeking money through this maze as hierarchical, hegemonic, rigid, and slow. AMSED, they explain, "had no contact with the grassroots and their own needs." On the whole, AMSED procedures did not take into account the concrete problems faced by the organization or the real needs of microentrepreneurs. This underlying tension generated many practical strains for AMSSF leaders.

One major problem was maintaining the financial base of the organization. Most troublesome were the procedures for funding subventions from AMSED. Rather than providing funds on a regular basis (i.e., annually, as other NGOs did), or even on a rolling basis according to the needs of the clients, AMSED would renew funding to AMSSF *only when all of the clients had repaid their loans*. The intention was to ensure AMSED's financial security. However, the erratic nature of these procedures created many problems for AMSSF directors. They had to negotiate the conditions of attribution of new loans and urge AMSED to provide them almost daily. Complicating this dynamic was the dependence of AMSED on CRS subventions, and in turn, the dependence of CRS on USAID funding. This meant a highly constricted flow of funding.

A second major problem for AMSSF leaders was a lack of autonomy in managing the loans for their clients. AMSED did not allow the local directors to have independence in terms of the procedures for the loans or the reimbursements. Rather, AMSED had to comply with the rules about repayment as described. The consequences for clients were grave, with AMSSF unable to maintain continuous loans to its clients—even the most responsible ones. Directors frequently had to cut off funds and suspend their activities until new funds were provided by AMSED. This policy became, in effect, a sanction for the most successful clients of AMSSF. The president of AMSSF stated that her organization was trapped between the demands of the seekers of microcredit, the urgency of their financial needs, and the constraints imposed by AMSED.

The third major problem was blocked access to microcredit management and training. Because AMSED focused its support in monetary terms only, AMSSF was left struggling for informational resources. This problem was exacerbated by the fact that AMSED became an obstacle between AMSSF and other transnational women's organizations. Being the bigger and more legitimate NGO, AMSED had firsthand access to training programs, networks, and conferences hosted by international groups, and it reserved the spaces for its own staff. Consequently, AMSSF became increasingly marginalized from the international networks, and suffered from lack of exposure to management knowledge and training necessary for its microcredit program.

On the whole, then, AMSSF leaders objected in this early stage to the underlying philosophy of AMSED policies. This philosophy, asserted the president of AMSSF, "stems from the idea that people cannot be trusted and are not responsible. The local actors are not considered ready to deal with the questions of money management, and the grassroots population are not considered mature enough to use the loans in an effective manner." Changing the procedures became a source of conflict between AMSSF and AMSED, as the proposals for organizational change by AMSSF leaders were rejected. As we will show next, such conflicts lead to the severance of the financial relationship between USAID and AMSSF, but not an end to their interactions within the microcredit scene in Morocco.

The Later Stage: Intensified Competition for Clients

In the late 1990s, three crucial events transformed the bureaucratic web: a change in AMSSF's outlook toward its sponsors, a change in USAID's approach toward microcredit NGOs in Morocco, and a change in Moroccan state laws regarding microcredit NGOs. Though the culmination of these events had some liberating effects for AMSSF, it ultimately meant new forms of subordination as the NGO political constellation shifted into a new hegemonic pattern.

The first disruption in the original NGO relationship occurred when AMSSF leaders sought new funding sources. They turned to the United Nations Development Program, which they believed had some advantages over USAID-AMSED support. The biggest improvement was in the financial securities—with the UN program, subventions are *directly* transferred to AMSSF rather than through mediating NGOs. In addition, funds are transferred on a predictable yearly basis, rather than sporadically when client loans are paid. Loan amounts were also increased, so that AMSSF leaders could raise the range of disbursements to 500 DH (\$50) to 4,000 DH (\$400). On top of this, AMSSF experienced much more autonomy in running its programs. Leaders were allowed to participate in framing the terms of the contract with their sponsorship organization and were given greater independence in managing their client loans.

Another important benefit to the new arrangement was in improving links to other transnational women's organizations. The UN program reserved money for training and participation in conferences, which allowed AMSSF directors access to information and networking at the transnational level. Thus, almost immediately after the partnership with this funding source, AMSSF was able to participate in two international conferences—one in Bolivia and one in Lebanon—through a microcredit training program called Microstart. The knowledge gleaned from these training sessions was fundamental in equipping AMSSF staff with management skills for running the organization, and also in repositioning its political relationship to the bigger NGOs. Members of AMSSF expressed the impact in these terms: "Before the workshops we did not know what was going on around the world, especially in terms of procedures, problems, and solutions. But as soon as we came back, we decided to impart to AMSED our own conception about microcredit, and to fight against the existing assumptions about our capacities and clients." By gaining a comparative view of the different agencies and funding programs, AMSSF leaders took a crucial step in promoting a new self-image and gained a clearer picture of the bureaucratic web they were operating in and of their own power to negotiate new relationships among the different funding agencies. Indeed, a concrete indicator of the success of this new partnership is demonstrated in AMSSF's leap in membership—it was able to go from 600 to 2,000 clients. Still, the unfortunate fact is that many new tensions arose in this period.

The second event that happened around this time was a change in USAID's approach to microcredit programs in Morocco. Specifically, the policy changed from supporting small local NGOs through bigger ones to a policy of creating *its own* NGO, which would be under USAID's direct control would be provided with direct funds. This resulted in 1997 in the creation of Al Amana. This is a very large NGO—at 30,000 members—set up in Fez as a first step in broadening its scope to the entire Moroccan region. Having such an expansive organization meant that

many new women nationwide were incorporated in microcredit programs.

The impact on AMSSF, however, was a new source of strain in the form of competition for clients. Although some degree of competition existed previously between AMSSF and Zakoura, the inception of Al Amana now meant the introduction of a third—and very powerful—organization with the same goals. Therefore, in order to sustain their organizations, all three began to vie for attracting the same population of microcredit women—even if it meant overlapping memberships among the clientele. This competition has costs for the larger organizational goals as well. As one agent of AMSSF put it, “The competition among the three NGOs to have clients for their respective programs is considered more important than the objectives of development and reduction of poverty.” Indeed, NGOs have to give priority to the quantity of clients over the quality and philosophy of their development projects.

The third event that exacerbated tensions was a new orientation toward NGOs by the state. In 1999, the Ministry of Industry established a law that imposed a series of bureaucratic requirements on microcredit associations. Previously, the Moroccan government had “officially” forbidden the allocation of foreign funds to local microcredit NGOs (although it often occurred informally). Therefore, the aim of the “microcredit law” was to increase the state’s ability to monitor and regulate their funding. Thus, while the law finally legalized the financial sponsorship from international sponsors, it also demanded an extensive amount of paperwork from the local NGOs. AMSSF leaders now have to submit for governmental approval a proposal and plan of operation, which are highly scrutinized and subject to alteration and rejection. In addition, the state oversees the transfer of funds from international agencies. Ironically, though AMSSF was able to shed several mediating NGOs when it shifted its *international* funding source, it gained a new *national* intermediary—the state. Furthermore, this law forbids microcredit NGOs from implementing any programs that are not “directly related” to microcredit. The state’s motivation here was to preclude antigovernment political organizing by Islamic fundamentalists. Though this certainly wasn’t an issue for AMSSF, its leaders had to restructure the organization because of the broadness of the law’s language. One result was that AMSSF had to create a sister organization to handle its noneconomic programs like health and literacy.

Finally, the law also creates new requirements for receiving government funds. Many NGOs seek these loans to supplement those from international sponsors, but eligibility requires proof of new and continuing clients to new regions of the country. Tensions for AMSSF leaders arise because the criteria for state funding are not adjusted to the individual capabilities of each NGO, but rather are based on the *comparative* successes of the NGOs as a group. This means that AMSSF has to show that it is as “efficient” as Al Amana and Zakoura in order to acquire such

funds. Indeed, further evidence of an uneven playing field is in the many tangible and informal favors the state provides to Al Amana. For instance, Al Amana started its mission with a large, well-equipped office building and extensive technical assistance—all gifts from the state; AMSSF started out in a one-room office in the basement of church. Thus, the government’s role in legitimizing the big NGOs and supporting them with material benefits magnifies the hierarchies among the microcredit associations. This, in turn, magnifies the competition between NGOs, which then spills over onto the working women in AMSSF because the directors must focus their efforts on augmenting the number of clients and the ability of clients to repay their loans.

Tensions for AMSSF Clients

AMSSF members are especially aware of the highly problematic nature of both transnational microcredit policies and local organizational implementation for poor women like them. They explain that women-in-development programs initiated in the United States have many unintended consequences when put into practice in the Morocco. Moreover, they show the tensions that develop not only from international policy, state interests, and powerful NGOs, but from the *organizational leaders themselves*. Thus, member women are subjected to pressures from multiple levels, which sometimes intersect to create cyclical effects. Below we discuss the main policy initiatives and organizational dynamics that have strained the member women.

Women as the Targeted Group

The first policy conflict for member women is with the focus on having a predominantly female clientele. The trend toward favoring women over men in microcredit programs has taken off rapidly in the last decade. Al Amana has 30,000 clients, of which 53 percent are women (PlaNet 2001; Volunteers in Technical Assistance 2001), AMSSF has 2,000 members, of which 80 percent are women, and Zakoura has 13,000 members, of which *all* are women (Microcredit Summit Council 2001).

The sources of this trend are interconnectedly transnational, national, and local. On the international scale, pushing women as the primary recipients has become increasingly popular among transnational funding agencies. As we saw earlier in this chapter, USAID developed this focus during the 1980s and solidified it as a requirement in the 1990s. Thus, this also became policy for its local NGO, Al Amana. Similarly, AMSSF, which was not originally geared toward women and had no such regulation during its tenure of USAID funding, faced a requirement to favor women for the first time when it sought funding from the UN Development

Program in 1998. In the process, this has meant an entirely new set of characteristics attributed to women and men: women are said to be responsible, serious, and trustworthy (particularly with regard to handling business matters in microcredit programs), whereas men are said to be careless and unreliable. Moreover, women—and in particular those from poor families—are identified as the main providers of their family's survival and well-being.

The Moroccan state is also implicated in this policy shift. It too has demonstrated a remarkable change in its attitude toward women and microcredit. Historically, the state has defined women as peripheral to development and subordinate, politically and financially, to men in the family. These notions are legalized in the Moroccan "Codes of the Mudawwanah," which are religious-based laws dating back to 1957 (right after the country's independence in 1956): Code 1 states that the husband is the head of the family and for this reason (Code 36), the wife has to show respect and obedience. Code 115 stipulates that the husband is responsible for the financial security of his wife, regardless of her assets (Moulay R'chid 1991). What is remarkable is how these legal proscriptions have endured despite their contradictions with women's roles in the larger society. For instance, women's actual participation in the economy is considerably large at 35 percent (especially compared with other Arab countries). Moreover, the Moroccan constitution (which is a separate from the Codes of Mudawwanah) presents a much more egalitarian notion of male-female relations within the family. Nonetheless, the conception of women that has dominated state discourse is that of homemakers who are dependent on men for their material needs and who are unimportant for societal progress.

In the last decade, though, there has been a profound transformation in the gender discourse of the state. Faced with an increasing need for international funding, the state has realigned its discourse to reflect that of international agencies. The culmination of this discourse is that poor women are now conceived of as the *agents* of development. The ideology is also reflected in the discourse and policies at the local level, with leaders of AMSSF reporting that women clients are more reliable than men at paying back loans. The point, then, is that there is a transnational dynamic that reinforces the "women as most suitable microentrepreneur" philosophy among all these actors.

At face value, the policy of favoring women sounds like a reasonable one. However, the women of AMSSF report that this agenda has a multitude of negative consequences. The most important of these is a shift in the burden of household maintenance to women, and away from men. Microcredit may have increased women's ability to earn an income, but it has also increased their financial responsibilities with regard to their families. Many are taking on the burden of being the sole earner in the household. Because of this burden, as well as the intensity of the payment schedule for the loans, women have to work even harder in their eco-

nomie activities. This can be seen in the grueling schedule some of these women keep. In a typical trading day, a microcredit woman has the following routine: she catches a bus between 1 and 3 A.M.; sleeps on the bus; arrives at the northern trading towns between 6 and 7 A.M.; purchases goods all day long; and takes a bus back home at 10 P.M. The other days of the week, she leaves at 5 A.M. to travel to local rural markets, sells goods during the day, and returns late in the evening.

In contrast, men's participation in this process is limited—sometimes only dropping women off at the bus stop. Moreover, during Salime's visits to these women's homes, men were observed to be mostly sleeping, often until late morning. Although this may not be representative of all men's behavior, husbands' contributions to the households observed in this study appear to be minimal. This is because working-class men have limited employment options, forcing them to resort to marginal work (such as seasonal or part-time jobs) or unemployment (which is 14.4 percent for men in Morocco). AMSSF's policies concerning men do not help to alleviate this situation: Not only is there a woman-focused admittance policy, but also a "one member per family" policy. This means that women members cannot enlist their husbands in the program, preventing the possibility of a family business endeavor. Indeed, rather than allowing the participation of multiple household members, the program mandates that it is women alone who must run the microcredit business for the family.

The effects of this gender imbalance are evident in national level. The proportion of women as heads of household has increased dramatically over the last few decades—52 percent of poor households are now headed by women (Secretary of State 1999), compared to 20 percent in the early 1990s and 10 percent in the 1970s (Ministry of Employment and Social Affairs 1995). This trend is also associated with increased social problems as evidenced by the fact that the illiteracy rate among those who head households is almost twice as high among women (92 percent) than men (53 percent) (Ministry of Employment and Social Affairs 1995). Nonetheless, women who head households are slightly more likely to ensure the education of their children: the percentage of children from female-headed households who are in high school is 79 percent, versus 71 percent from male-headed households (Ministry of Economic Provision and Planning 1998).

This points to a second consequence of women-focused policies: an increased burden on daughters. Microentrepreneur women are often so concerned about repaying their loans that they involve the entire family in their trading activities, even though this practice is officially proscribed. Girls in particular bear a tremendous responsibility in this situation, taking part in labor both inside and outside of the household. In many cases, daughters are often in charge of *all* the housework and must substitute for their mothers in trading when they become sick or are absent from work. During all three research visits to women's homes for this study, young

girls were observed to be busy doing housework or else involved in their mothers' businesses. Many women testified that without their daughters' help, they would not be able to make it. And though most of the women interviewed in this study insisted that their daughters go to school, one of them expressed how difficult it is for daughters to manage school duties with other chores. "My daughter cannot do any homework during the day. She has to take care of everything because I am not here, and when I come back I am very tired. She will do her homework during the night when everybody is almost ready to go to bed." Thus, young girls in these situations could be said to suffer from a "triple burden" of work, household, and school duties in comparison to their mothers' "double burden."

A third consequence of women-focused policies is a diversion of working women away from other development activities. The intense pressure of the loan requirements leads women to focus all their energy and time on microcredit activities, to the exclusion of other programs and workshops. For instance, although most women are illiterate, they have no time to benefit from the literacy programs organized by AMSSF's sister organization. Ironically, AMSSF's literacy program is composed mostly of housewives and young girls, and has tremendous difficulties in attracting its own microentrepreneurs. Moreover, working women have no time for additional programs, such as health workshops, job training sessions, and political rights seminars. In this way, the broader goals of women's empowerment are eclipsed by the demands of microcredit.

One might say, then, that these policies have gone too far in favoring women. Though they provide extensive opportunities for women in the economy, it has come at the expense of discouraging men's participation, destabilizing intrahousehold relations, and obstructing women's development in areas such as literacy and health care. (In Bangladesh, there are even more serious consequences; Grameen Bank microcredit programs are said to be associated with increased male violence against women [UNIFEM 2000; S. C. White 2000]). In our case of AMSSF, these programs play a major role in shifting family income responsibility from men to women, and household labor responsibility from women to their educated daughters. In turn, rather than enhancing women's independence from the family structure, the microcredit programs reinforce the dependency of the family on women and on the informal economy.

"Solidarity Groups" as the Basis for Loans

Aside from these gender-based requirements, a second feature of the microcredit programs causes tensions for women. These are the "solidarity" requirements. Quite contrary to their name, these groups result in more tension among participants than they do cohesion. Despite any philosophical motivation that NGOs have re-

garding collective strategies for development, the practical motivation for this policy is to use the women themselves as policing agents. The idea is that participants monitor one another and thereby independently guarantee loan repayment without the organization getting involved. Although there are many sources of conflict within the groups, the most salient is derived from the nonpayment or delay in payment by one or more members of the group.

Indeed, during Salime observations at an AMSSF microcredit center, many leaders of the solidarity groups reported tremendous difficulties with one or two members of their groups. They said that managing the conflicts took a lot of time and energy, involving long negotiations with the member who refused to pay. As one woman put it, "Violence does not give any result. You should talk and convince." Indeed, some women stated that they had lost close friends because of this money issue. The AMSSF's attitude toward this issue does not help the situation, as it has a policy of not getting involved in intragroup tensions, and furthermore, provides no training in conflict resolution. It is completely up to the group to solve its own problems.

Exclusion of Men from Women's Solidarity Groups

Yet another source of strain for women is the policy concerning the gender composition of the solidarity groups. Because 20 percent of AMSSF's clients are men, the issue arises as to the placement of men and women in various groups. Tensions develop when the solutions of organizers conflict with those of the members. For example, although the international sponsors make no regulations regarding the gender specificity of the solidarity groups, AMSSF directors decided to segregate the groups by gender. Among the main reasons for such a decision were stereotyped assumptions about people of rural and poor backgrounds. Managers of the program assumed that female clients practice seclusion and therefore desire social distance from nonfamilial men. Accordingly, having men in the solidarity groups would be problematic because of the need for frequent contact and home visits between the members to organize payments.

However, many women stated that they would *prefer* to have men in their groups. One reason is that they receive visits from male microcredit agents. As part of the routine of loan oversight, AMSSF agents make personal calls to client homes. Even though these agents are typically male, they visit all clients regardless of their gender. Thus, female clients wished for male members in their groups so these men could interact with the male agents. Another reason is to assist in communicating with outsiders. The leader of one group explained, "Men are helpful to women. They can take care of your needs, especially the questions related to outside." Another woman added, "Men are more serious and more comprehensive and are ready

to help. You won't have problems with men. They respect your commitment." Moreover, many microentrepreneurs asserted that their husbands would not contest the presence of a man in the group, since husbands were more interested in women's contribution to the family budget than in their wives' relationships with men in their microcredit activities. In certain ways, then, women perceive favorable aspects to men's involvement in their groups.

A critical perspective is needed regarding discourses of the clients, though, just as with those of the leaders. For instance, positive accounts of male members by women clients are counterbalanced by more problematic accounts by AMSSF leaders. In an earlier phase, the leaders did make an attempt to integrate the solidarity groups by gender and found that a power relationship developed between male and female members. Men were domineering and ordered the women around, or else refused to reimburse the loans and consequently left women with the burden of the debt. This suggests there is another side to the behavior of male members. A second problematic aspect to the discourses of female clients is how they perpetuate certain notions of gender segregation. Just as the women seek to disprove assumptions about female modesty by the AMSSF leaders, they simultaneously support a dichotomy of public/private spheres. This is apparent in their rationales for men's participation in the solidarity groups: Men are supposedly needed for "external" contacts and management of microcredit activities, while women are needed for "internal" family management and support. While this is an obvious contradiction to women's actual practices (e.g., they spend most of their time in the public sphere doing trading), they seek to present an image in which the public sphere is masculine and the private sphere is feminine. Why they perpetuate this ideology is unclear. What is clear, though, is discourses of gender segregation come from both leaders and members. Furthermore, their notions are very different and sometimes conflicting.

Many of these tensions reflect a class division between leaders and members. Like most NGOs around the world, AMSSF is headed primarily by educated, middle-class organizers (Alvarez 1999). That this generates tensions between leaders and members has been shown in studies of women's NGOs around the world (Ford-Smith 1997; Kannabiran and Kannabiran 1997; Wekker 1997). Such tensions manifest themselves in many forms—not only in terms of income level and residence (urban versus rural), but also in terms of education, language (Western versus local), and strategies (research and data collection versus service and activism). In the case of AMSSF, some of these factors become integral to relations between leaders and clients. In fact, they may be present as well in the interview process for this study. Salime's impression is that part of the motivation for female clients to represent male colleagues favorably was to enhance their own status as liberated women in the eyes of the researcher herself who is a middle-class Moroccan woman.

The fact remains, nonetheless, that AMSSF leaders are enforcing a program that the clients find unhelpful in their daily lives. Even if the leaders had in the past a sensitivity to client concerns by instituting mixed sex groups, this sensitivity did not endure. Furthermore, however benign leaders' motives may be in respecting clients' customs regarding interpersonal relationships, these motives reflect their own stereotypes rather than the clients' actual needs (or at least their own interpretations of them). The result is that leaders end up implementing a single-sex policy for solidarity groups without exploring alternative strategies which may suit client needs better. Indeed, one such strategy may be to empower women *within* mixed-sex groups, so they could better handle misbehavior by men.

Increasing Debt and Dependence on NGOs

The last, but by no means least important, type of tension women experience is increased debt and dependence upon the microcredit organizations. This is a result of the broader organizational context of state and international funding regulations, and especially the inter-NGO competition. In particular, the demand for increasing numbers of clients influences NGOs to keep women in their programs rather than alleviating their poverty or assisting them in upward mobility. There are two important ways in which this influence happens.

First, the drive for clients keeps women dependent upon the lending organization. In theory, the leaders of AMSSF should encourage a cycle of clientele moving through the organization because of the limited range of the loans that they can offer—some women starting out at low range loans, some advancing to greater loan amounts as they pay off the previous ones, and others leaving the organization as they reach the maximum loan amount. (Indeed, the other organizations like Al Amana offer much higher loans, in the range of 1,500 to 10,000 DH [\$150 to 1,000] compared to AMSSF's current range of 500 to 4,000 DH [\$50 to 400].) However, because of the intense competition between the organizations for clients, leaders do not encourage their own members to leave. As the director of the microcredit centers said, "Our aim is to keep the clients in our program; otherwise we are just preparing them to go to other programs or to the bank." Thus, rather than reflecting the larger goal of integrating women into development by increasing their revenue and enhancing their capacity of entrepreneurship, the transnational web generates (however unintentionally) a system that keeps women for prolonged periods in the same range of loan.

Second, the drive for clients also increases women's indebtedness to multiple NGOs. As described earlier, the competition among microcredit programs encourages women to acquire loans from more than one NGO at a time. Indeed, many solidarity groups were in debt to several programs at once, which increased the

strains within the groups. Thus, quite opposite to the ideal of helping women smoothly manage their investments and expenses, the NGOs are perpetuating a dynamic of financial insecurity for these women. Furthermore, coordination among the different NGOs to make sure clients are not multiplying their loans is not on the agenda. Indeed, their main concern is that women stay in their programs and pay back their loans, regardless of their other activities.

Women are not without agency in these situations, however. Some show a particular finesse in taking advantage of the inter-NGO competition, and playing one organization off another. In one of Salime's observation sessions at an AMSSF credit center, a woman described how she had just left Al Amana. She had abandoned her solidarity group there because one of the group members failed to pay her share of the loan. Rather than remaining trapped by the rules of Al Amana however, the woman sought out a new loan from AMSSF to continue her microenterprise activities. Thus, women are not victims of this system, but take action to navigate within and even resist it.

Conclusion

The undeniable fact is that over the last decade in particular, microcredit NGOs have provided new economic opportunities for many women that may not have been possible otherwise (UNIFEM 2000). They have incorporated millions of people into the workforce worldwide, especially in economies where there are few other job opportunities for either men or women. In the case of Morocco, they have also motivated (knowingly or unknowingly) a long-term continuation of income generation for women, through the household transmission of microcredit skills from mothers to daughters. Indeed, these microcredit programs have prepared many daughters for entering the world of microenterprise in general, if not for the specific jobs initiated by their mothers. Furthermore, recent findings from other regions of the world confirm many advantages to these programs: women's solidarity groups have fewer conflicts than men's, women microentrepreneurs tend to pay back loans more frequently than men (Blumberg 1995), and women entrepreneurs contribute more of their income to the household than male entrepreneurs (Espinal and Grasmuck 1997). Thus, despite all the tensions described above, there are many benefits of microcredit to be highlighted.

Indeed, this analysis is not aimed at denying the positive outcomes of microcredit programs, or even rejecting the idea of microcredit for women. Rather, our critique is aimed at questioning the assumptions that lie behind the use of microcredit as a means of incorporating women in development, and the ways in which microcredit programs are currently administered at the international, state, local, and organizational levels. We argue that there are crucial limitations in the ideolog-

ical frameworks of microcredit that originate in First World settings like USAID, which are then transported and rearticulated globally through NGOs, and finally reinforced through state governments and local associations. In particular, the problem is in defining, on one hand, microcredit as the *primary* strategy for empowering women economically, and on the other hand, women as the *primary* or *exclusive* members for microcredit programs. Underlying both these themes is the assumption that development is largely the responsibility of women. There were many costs to this approach in AMSSF, including magnifying women's burden as providers for the family, discouraging male responsibility in household maintenance, and increasing the household workload for other family members, especially daughters. For this reason, we argue that there is a pressing need to expand the framework of economic empowerment campaigns to focus on *gender* rather than just women or men. In the words of development scholar Sara White (2000),

[T]reating gender as solely a women's issue seriously underestimates the scale of the battle to achieve a more just society. This has major implications for the GAD [gender and development] approach, in relation to the issue of "empowerment." . . . It is very clear that if women's empowerment is to be sustained, it must be complemented by a change for men. (210)

This means that rather than excluding men from microcredit, these programs should attempt to enlist more equitable participation of men in *both* income-producing and family household activities.

Our study also has implications for discussions about NGOs and their relation to transnational feminist politics. We argue, to begin with, that there is a need to expand our theoretical understanding of NGOs and the context in which they operate. In the case of Morocco, there is a complicated transnational web of funding that involves a diverse set of actors, each of which is also internally diversified. The category "international agencies," for instance, is not monolithic but quite varied in terms of its policies and orientations toward NGOs (Alvarez 1999). On one hand, USAID funding (through AMSED) was crucial to AMSSF's organizational growth but also created tensions for members with its loan regulations; while the UN Development Program, on the other hand, had advantages in terms of its disbursement processes and training support, but generated new strains in terms of requirements on numbers and types of clients. Another point is that there are varying kinds of NGOs: some that are more powerful through the legitimacy of the state or private industries, and others that are more independent and strongly tied to local populations but also more politically fragile. Indeed, it is the relationship among the NGOs (through manipulations by the state and international agencies) that creates some of the greatest tensions for AMSSF leaders, in the form of compe-

tion for clients. In turn, these inter-NGO dynamics enhance the dependence of women on the organizations, and direct women away from other development programs that might free them from the severe problems of illiteracy and the informal economy.

Furthermore, there are important intraorganizational dynamics as well. The disjuncture between the class and regional backgrounds of the member and the leaders generates unique types of strains. Although much of the policy that leaders enforce in the organization originates from the international funding sources, some of it is also negotiated by the leaders themselves, and often reflects their own privileged biases. In this sense, the case of AMSSF certainly speaks to the need for a greater voice and more participation by the women clients in the policymaking process of the programs that guide their lives.

Finally, transnational web of funding works in many ways to impede the process of grassroots activism and the political articulation of the interests of the entrepreneur women. One way this is evident is in obstructing collective organizing among the NGOs themselves. Recently, there has actually been a proposition among the microcredit NGOs in Morocco to form a "federation" to represent client base. However, rather than having a democratic partnership among the organizations, Al Amana insisted on leading this federation. This caused both AMSSF and Zakoura to reject the plan, because they saw it as maintaining the hierarchy between the big and small associations. Thus, the hierarchy among NGOs hinders the potential for alliances that might create a basis of strength from which to contest the state or international agencies. In addition, the transnational web of funding also impedes international alliances among NGOs. As was shown in the case of AMSSF, the state and even some big NGOs are very powerful in restricting the access of grassroots groups to transnational feminist organizing.

However, it is also important to point out the glimmer of light in this story. Although many scholars argue that the process of "NGOization" has the effect of demobilizing feminist activism (Lang 1997), our case does not necessarily provide such a discouraging account. It is true that AMSSF became subject to pressures of both international organizations and the state, and was forced to make concessions in its agenda and its organizational structure in order to accommodate those demands. However, at the same time, it was also able to negotiate within the bureaucratic web to a certain degree. It was able to realign itself and take advantage of the various funding options (just as the women clients did), making use of the programs that would allow them the greatest flexibility in asserting their own interests and best represent (as far as their social position permitted) the "true" needs of their clients. In addition, it was able to use the international organizations to gain access to transnational feminist organizing, which would have been difficult otherwise.

Fortunately, there are growing examples of this kind of creative strategizing by

local women's groups. A group of rural women in Brazil maintained their autonomy within the transnational funding network by relying on their own funds as much as possible, providing training sessions to members on interpersonal empowerment techniques during meetings with international donors, inviting these donors to their organization for a firsthand view of the women's activities, and appropriating and refashioning the transnational discourses of gender to their localized needs (Thayer 2001). These cases suggest that there is potential for grassroots organizations to use NGO linkages to create a global feminist alliance.

Note

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