

MICROCREDIT TO WOMEN AS A POVERTY ALLEVIATION
TOOL: THE CASE OF TURKISH GRAMEEN MICROCREDIT
PROGRAMME IN DIYARBAKIR

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ABSTRACT

MICROCREDIT TO WOMEN AS A POVERTY ALLEVIATION TOOL: THE CASE OF TURKISH GRAMEEN MICROCREDIT PROGRAMME IN DIYARBAKIR

Çakmak, Dicle

Master of Science in Social Policy

Supervisor: Assoc.Prof.Dr. Ayşe Gündüz Hoşgör

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Alleviation of poverty has become a major issue in the agenda of many countries and there is a search for a cure for this issue in social policy environment. For the last few decades, i.e., since the establishment of Grameen Bank in Bangladesh, microcredit programmes have been used an important tool that is used to combat increasing poverty in both developing and developed world. The importance of this tool also comes from the fact that the target group of microfinance institutions is mainly women. The popularity of this poverty alleviation tool has reached to Turkey at the very beginning of 2000s. In this context, whether and/or to what extent microcredit is effective in taking women and their families out of poverty becomes a major question. Based on the assumption that poverty is a multidimensional issue, the main aim of this thesis is to explore the relationship between micro credit and poverty. This relationship will be understood by looking deeply at women's lives through semi-structured interviews with beneficiaries of Diyarbakır office of Turkish Grameen Microcredit Programme.

As a result of this study, it is found that a few women become entrepreneurs and engage in economic activities. Rather, they generally apply for microcredit for

consumption concerns, for payments of other debts and to expand their current business. Therefore, microcredit remains insufficient to end people's poverty since it do not provide a transformative and structural power to the poor.

Keywords: microcredit, women, poverty, empowerment, Turkish Grameen Microcredit Programme in Diyarbakır.

ÖZ

BİR YOKSULLUKLA MÜCADELE ARACI OLARAK KADINLAR İÇİN MİKROKREDİ: DİYARBAKIR'DA TÜRKİYE GRAMEEN MİKROKREDİ PROGRAMI ÖRNEĞİ

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Yoksullukla mücadele, birçok ülke gündeminde önemli bir yer tutmaktadır ve sosyal politika çevrelerinde bu soruna bir çözüm aranmaktadır. Son birkaç on yıldan beri, Bangladeş'te Grameen Bankası'nın kuruluşundan bu yana, mikro kredi geliştirmekte olan ve gelişen ülkelerde yoksullukla savaşmak için kullanılan önemli bir araç haline gelmiştir. Bu aracın önemi, mikro finans kuruluşlarının temel hedef grubunun kadınlar olmasından da ileri gelmektedir. Bu yoksullukla mücadele aracının popülaritesi 2000'lerin başında Türkiye'ye de ulaşmıştır. Bu kapsamda, mikro kredinin kadınların ve ailelerinin yoksulluktan çıkmalarında etkili olup olmadığı ve etkili olduysa da bunu ne ölçüde gerçekleştirdiği önemli bir soru olarak karşımızda durmaktadır. Yoksulluğun çok yönlü ve çok katmanlı bir sorun olduğu varsayımına dayanarak, bu çalışmanın amacı mikro kredi ve yoksulluk arasındaki ilişkiyi araştırmaktır. Bu ilişki, Türkiye Grameen Mikrokredi Programı Diyarbakır Şubesi'ne kayıtlı kadınlarla yapılan yarı yapılandırılmış görüşmeler yoluyla anlaşılmaya çalışılmaktadır.

Araştırma sonucunda, çok az sayıda kadının gerçekten girişimci olduğu ve ekonomik faaliyetlere başladığı gözlemlenmiştir. Daha ziyade, kadınlar genellikle tüketim, borç

ödeme ve mevcut işlerini genişletmek amacıyla mikro kredi başvurusu yapmaktadır. Dolayısıyla, yoksullara dönüştürücü ve yapısal bir güç kazandırmadığı için mikro kredi insanların yoksulluğunu bitirmekte yetersiz kalmaktadır.

Anahtar kelimeler: mikro kredi, kadın, yoksulluk, güçlendirme, Diyarbakır'da Türkiye Grameen Mikrokredi Programı.

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TABLE OF CONTENTS

PLAGIARISM	iii
ABSTRACT	iv
ÖZ	vi
ACKNOWLEDGEMENTS	viii
TABLE OF CONTENTS	x
CHAPTER	
1. INTRODUCTION	1
2. CONCEPTUAL FRAMEWORK OF THE STUDY	5
2.1 What is poverty?.....	5
2.1.1 Absolute Poverty.....	7
2.1.2 Relative Poverty.....	9
2.2 Why do people live in poverty?.....	11
2.2.1 Individual/pathological explanation	11
2.2.2 Sub-cultural explanation	13
2.2.3 Social Exclusion	13
2.2.4 Institutional and agency explanation	14
2.2.5 Gender	15
2.2.6 Structural reasons.....	17
2.3 The ways for eliminating poverty.....	20
2.3.1 Indirect approach.....	21
2.3.1.1 Economic growth	22

2.3.1.2 Education.....	23
2.3.2 Direct approach	24
2.4. Poverty in Turkey	25
3. MICROCREDIT: ITS HISTORY AND MAIN DISCUSSIONS	28
3.1 Introduction	28
3.2 Microcredit as a neoliberal development tool during the fall of the welfare state	29
3.2.1 Individual entrepreneurship	32
3.2.2 The poor and financial services	35
3.3 Implications of microcredit for women.....	37
3.3.1 Why to women?.....	37
3.3.2 Empowerment	40
3.3.3 Group and social capital	44
3.4 Conclusion: Microcredit’s overall effect on poverty	47
4. RESEARCH METHODOLOGY	51
4.1 Significance of the Thesis	51
4.2 Research Field	51
4.3 Research Questions	52
4.4 Research Methodology	52
4.5 Constraints of the Field Research	54
5. IMPLICATIONS OF MICROCREDIT IN WOMEN’S DAILY	

LIVES IN DIYARBAKIR	55
5.1 Introduction	55
5.2 Profile of Diyarbakir	56
5.3 Interview process.....	60
5.4 Introducing Participant.....	61
5.4.1 Women	61
5.4.2 Nongovernmental organizations in Diyarbakir	63
5.4.2.1 Development Centre Association	64
5.4.2.2 Light of Hope Women, Culture, Environment and Management Cooperative (Umut Işığ)	64
5.4.2.3 KAMER Foundation.....	64
5.4.2.4 Sarmaşık Association for Struggle against Poverty and Sustainable Development	65
5.5 Findings of the research	65
5.5.1 Microcredit in Turkey	65
5.5.2 Introduction with microcredit in Diyarbakir	66
5.5.3 Reflections of microcredit on women's lives	70
5.5.3.1 Empowerment	70
5.5.3.1.1 Trainings	70
5.5.3.1.2 Group meetings	72
5.5.3.1.3 Collectivity	75

5.5.3.1.4 Self-confidence	76
5.5.3.1.5 Decision making and control on the money	79
5.5.3.1.6 Change in gender relations	79
5.5.3.2 Repayments	82
5.5.3.3 Intended use and economic returns of microcredit	84
5.6 Summary	88
6. CONCLUSION	90
REFERENCES	95
APPENDICES	106
A. INTERVIEW QUESTIONS	106
B. APPLICATION FORM	109
C. TEZ FOTOKOPİSİ İZİN FORMU.....	111

CHAPTER 1

INTRODUCTION

Poverty is the biggest problem of our world. Generally, poverty is defined as lack of access to minimum life standards or as the situation in which people cannot meet their basic needs. Besides, different institutions working on poverty make their own definition of poverty and adopt different approaches for alleviation of poverty according to these definitions.

For example, according to United Nations Development Programme (UNDP)¹, poverty is a multi-dimensional situation and defines not only an income deprivation but also illiteracy, lack of access to healthcare services, education and other basic social services, and lack of opportunities to participate in processes that affect people's lives. Moreover, World Bank (WB) defines poverty in two ways². Poverty includes low incomes and the inability to obtain the basic goods and services necessary to live in dignity. In addition, it also encompasses low levels of health and education, poor access to clean water and sanitation, lack of physical security, lack of voice, and inadequate capacity and opportunity to improve one's life.

The concept of poverty is comprised of two situations, namely, absolute poverty and relative poverty. Absolute poverty explains the situation in which a household or an individual cannot afford basic human needs that are necessary to continue their lives. On the other hand, relative poverty is defined as the condition of having fewer resources or less income than others have within a society or country. Therefore,

¹ www.undp.org.tr, retrieved on 17 March, 2011.

² *What is poverty and Why measure it?*

Retrieved from http://siteresources.worldbank.org/INTPA/Resources/4299661259774805724/Poverty_Inequality_Handbook_Ch01.pdf, on 17 March, 2011.

poverty is a socially defined issue in this context. For a few decades, relative poverty has been used in order to understand poverty.

Corresponding with increasing poverty around the world, institutions have adopted different tools in order to struggle against poverty. Micro credit, the most popular tool, is a Grameen Bank innovation in Bangladesh. Muhammad Yunus founded Grameen Bank in order to rescue poor people, who cannot borrow from financial banks since they do not fulfill the requirements and have any credit histories, from the pressure of local moneylenders (Yunus, 2003 and 2007). The success of microcredit scheme of the Grameen Bank during 1980s has taken attention of international community and microcredit has been widespread.

In parallel with the evolution of microcredit, there has been much opposition to these programs in many subjects. Some criticize micro credit in terms of welfare and others criticize it in terms of gender. The former claims that microcredit reduces the charitable burden placed on the rich and the state and places burden – in the form of repayment – to the poor (Bateman, 2010). The latter states that micro credit does not always mean empowerment of women. There are limitations for women to get into business (Lairap-Fonderson, 2002); women's roles in decisions about loan use and whether they use it for their own purposes, or give it to husbands are not always clear (Mayoux, 2008) and many microcredit initiatives promote an individual empowerment and ignore the collective dimension of empowerment (Kabeer, 1999).

The main aim of this thesis is to explore the relationship between micro credit and poverty. This relationship will be understood by looking deeply at women's lives. In the light of above-mentioned criticisms, microcredit schemes are reviewed by focusing on Diyarbakir. Diyarbakir, together with other Eastern cities, has a special importance in poverty discourse in Turkey. Because of the political and social unrest in the late 1980s and during the 1990s, the region faced intensive conflict-induced displacement. Thousands of people were forced to leave their villages and lands and they moved to Diyarbakir. Since the migration was unplanned and involuntary, those people constituted the most disadvantageous and the poorest segments of the society (Development Centre, 2006). People who were qualified workers in their fields

became unqualified and as they did not have enough education, they generally have not attended employment (GÖÇ-DER, 2002; Development Centre, 2006; Yüksekler, 2007). Bearing in mind these characteristics of Diyarbakir's population, this research tries to expose whether micro credit would enable these women and their families to get out of poverty.

With the above-mentioned aim, this study is composed of six parts. After this brief explanation to the thesis, Chapter II provides a theoretical framework of the thesis will be provided. In this chapter, a detailed description of the concept of poverty is given by focusing on the definitions of absolute and relative poverty. Then, the causes of poverty are listed in order to provide a useful categorization in determining poverty. Moreover, the most common ways for fighting against poverty are provided under the subjects of "direct" and "indirect" approaches. Afterwards, there will be also a brief explanation about poverty in Turkey and the works against poverty.

In Chapter III, the birth of microcredit is elaborated by sharing Muhammad Yunus' experiences in Bangladesh. Then, while dealing with main discussions around this anti-poverty tool, three main points are going to be focused on. First, its neoliberal characteristic will be discussed on the grounds of encouraging individuals to be entrepreneurs and of access of poor people to financial services. Second, I will come to the effects of microcredit on its main beneficiaries, which are women. In this part, these effects will be discussed in terms of 'instrumentalization of women', 'empowerment' and 'social capital'. Third, microcredit's overall effect on poverty will be assessed as a concluding part.

Chapter IV is going to give brief information about the research process and methodology. Significance of the thesis, research field, research questions, research methodology and constraints of the research are going to be mentioned at this chapter.

Afterwards, in Chapter V, the data obtained during the field research will be analyzed within the conceptual framework and main discussions around microcredit. In the beginning of this chapter, the profile of Diyarbakir, the interview process and a

brief description of women and non-governmental organizations participated in the research will be shared. Also, while providing the findings of the research, Turkey's and Diyarbakir's experiences on microcredit will be mentioned.

In the conclusion chapter, Chapter VI, the results driven from the analysis are going to be discussed by focusing on changes that microcredit caused in women's and their families lives. These changes will be elaborated in terms of both social and economic needs. Furthermore, some policy suggestions will be provided in order to get closer to a more efficient and effective anti-poverty tool.

CHAPTER 2

CONCEPTUAL FRAMEWORK

This thesis tries to explore the linkage between microcredit and poverty. This linkage will be understood by focusing on the lives on women using micro credit in Diyarbakir. In order to establish the links between these two concepts and get necessary messages from these lives, it is important to go into details of conceptualization of poverty and micro credit. Therefore, in this chapter, definition and causes of poverty and main ways for attacking poverty will be explored. Then, the discussion will move on to the features of micro credit schemes in the world and views toward these schemes.

2.1 What is poverty?

Poverty is one of the important problems in the world. With the increasing integration to the world economy, developing countries are more vulnerable to the shocks in the economies of the developed world. Nearly 1.4 billion people survive on just over a dollar a day (UNDP, 2011). Such a high number led many academics and national/international organizations such as World Bank Group and United Nations to work for eliminating – or at least, reducing poverty.

Generally, poverty is defined as lack of access to minimum living standards or as the circumstances in which people are unable to meet their basic needs. Besides, different institutions working on poverty make their own definition of poverty and adopt different approaches for understanding poverty according to these definitions. Moreover, different people and institutions use this term in various meanings according to their political views.

According to United Nations Development Programme (UNDP)³, poverty is a multi-dimensional situation and defines illiteracy, lack of access to healthcare services, education and other basic social services, and lack of opportunities to participate in processes that affect our lives as well as income deprivation.

World Bank (WB), on the other hand, defines poverty in two ways which include material and social needs⁴. Poverty includes low level of incomes and the inability to access the basic goods and services necessary to live in dignity. Further, it also encompasses low levels of health and education, lack of access to clean water and sanitation, physical insecurity, lack of voice, and inadequate capacity and opportunity to improve one's life.

Turkish Statistical Institution (TURKSTAT, 2008) defines poverty as the situation in which people cannot meet their basic needs. Like WB, TURKSTAT follows two ways in this definition. While in a narrow meaning, the poverty is the state of hunger and not having a shelter, it in a broad meaning is also the state in which although people have enough food, clothing and housing opportunities to survive, their living standards are quite below the level of the general society.

Spicker (2007) creates a definition of poverty which is highly comprehensive. His definition consists of three dimensions; namely, material need, people's economic circumstances and social relationships. When discussing material needs, he argues that the concept of poverty has to be understood as specific need that people need to avoid harm; as a pattern of deprivation⁵ and as a low standard of living. Standards of living are determined according to relationship between resources and needs. Simply, individuals, families or communities are considered poor when their level of living, which is measured in terms of income or consumption, is below a particular standard

³ www.undp.org.tr, accessed on 17 March,2011.

⁴ *What is poverty and Why measure it?*
Accessed from
http://siteresources.worldbank.org/INTPA/Resources/4299661259774805724/Poverty_Inequality_Handbook_Ch01.pdf, on 17 March 2011.

⁵ The concept of deprivation will be discussed under 'relative poverty'.

(ILO, 1995). Moreover, under the description of people's economic circumstances, Spicker (2007) defines poverty in terms of lack of resources, economic distance and economic class. Since poor people do not have the resources to obtain things, they cannot afford what the other people can afford. And these circumstances happen to people according to their economic position; for example, as marginal workers, disabled people and older people are unable to command over resources in their countries, they become vulnerable to poverty. In his definition of poverty in relation to social relationships, he asserts that in formal economies, there are three classes threatened by poverty. These classes are people on benefits, people who have insecure jobs and people in marginal position in the labor market. These three groups constitute the lowest class in which people lack status, power and opportunities. They generally depend on social assistance and are ignored in legal, social and political regulations.

Poverty is discussed and measured by looking at two situations, namely, absolute poverty and relative poverty. While absolute poverty explains the situation in which a household or an individual cannot afford basic human needs that are necessary to continue their lives, relative poverty describes the condition of having fewer resources or less income than others have within a society or country. It considers poverty in social terms. For a few decades, relative poverty has been used in order to understand poverty. Below, absolute and relative measures of poverty are discussed in details.

2.1.1 Absolute Poverty

Absolute poverty has been determined by a level of minimum need; since people below this level are regarded as poor, government policies mainly target them. Therefore, poverty is fixed on this level and it is same for everyone. Everyone should live in these minimum standards with basic needs. United Nations (UN) Copenhagen Declaration defines absolute poverty as a condition characterized by severe

deprivation of basic human needs such as food, safe drinking water, health care and sanitation, shelter, education and information (UN, 1995).

In these approach, some bundle of goods and services are regarded as essential to the physical well-being of individuals and/or families. If one does not possess necessary economic resources to obtain these goods and services, they are below the minimum subsistence level and have difficulties to sustain their lives (Schiller, 2001 and Alcock, 1997). This attempt to determine a subsistence level is linked with the idea that first it is necessary to find out what people need to have for survival in order to ensure that they are provided with this; that is how it works while removing the problem of poverty (Alcock, 1997). Furthermore, policies adopting absolute measures usually seek to prove poverty of people through the use of means tests and restrict the redistribution of resources to only those. Also, the aim is to ensure that receivers of support would not rely on state assistance for longer times; rather they would try to find ways for self-support.

In recent years, since new right's contribution to the social policy has grown, there is again an increasing emphasis on absolute poverty. At the same time, however, there are both positive and negative arguments directed to this concept.

Those in favor of absolute measure of poverty claim that the most important problem is the fact that some people are left without the resources to survive; therefore, an anti-poverty policy should be limited to the redistribution of just enough resources for survival of those in need (Alcock, 1997). Moreover, absolute poverty is seen as a useful way of attracting world's attention to the fundamental deprivations of people in the developing countries (Lipton and Rvallon, 1995). Drawing such an attention is important to understand the problem and take action against poverty. In addition, Joseph and Sumption (1979) believe that a family is poor if eating cannot be afforded. Hence, poverty should be defined with respect to the actual needs of the poor and not to the expenditure of non-poor people.

On the other hand, the main criticism to absolute poverty is that people's perceptions of what is absolutely necessary to sustain their lives are shaped by economic, social,

cultural and political values in their own societies (Schiller, 2001). Therefore, same bundle of goods and services should not be valid in all countries. People's needs differ in different places – in different families. Hence, Alcock (1997) claims that “any cut-off line is arbitrary and merely involves the imposition of a subjective judgment of what is an acceptable minimum standard at any particular time”. Moreover, it has a minimalist and reductionist view of poverty. Townsend (1985), one of the most popular proponents of relative poverty, argues that such an approach ignores social relationships and the ability to participate in society, which are also components of poverty. Furthermore, he argues that absolute poverty has a narrow focus on issues related to poverty and it justifies minimal social benefits. Under the light of these criticisms, the concept of relative poverty has been developed with an attempt to define a more comprehensive and multi-dimensional situation.

2.1.2 Relative Poverty

Relative poverty means that a person is poor when his/her income and living conditions are lower than the average of the population. Townsend (1979) explains poverty as:

People are relatively deprived if they cannot obtain, at all, or sufficiently, the conditions of life – that is, the diets, amenities, standards and services which allow them to play the roles, participate in the relationships and follow the customary behaviour which is expected of them by virtue of their membership of society. If they lack or are denied the incomes, or more exactly the resources...to obtain access to these conditions of life they can be defined to be in poverty.

By this definition, there occurs three characteristics of poverty (Spicker, 2007). First, poverty is a socially defined situation; that is, people specify their needs such as education, diets, clothing and shelter according to the norms of the society they live in. Moreover, poverty is identified in terms of expectations in the society. The needs for goods and services are not the same in every society. In addition, the same goods and services are not necessarily distributed through the markets in all countries. For instance, health care may be provided by the state in some countries whereas others

may provide education without fee. Second, poverty reflects social inequalities and it is comparative. Poor people's conditions are understood by a comparison with non-poor. Third, since poverty is a social concept, its characteristics and standards change according to the society where it happens. In richer countries, poverty level and standard would be higher (Spicker, 2007).

The concept of relative poverty goes hand in hand with deprivation. Deprivation focuses on social and economic situations of individuals and families and how these situations affect the activities and opportunities of people, as well as monetary poverty and variations in income levels (Alcock, 1997). Deprivations involve a lack of something that is desirable and a lack which causes suffering (Brown and Madge, 1982). Starting from the view that income and expenditure are not the only measures of living standards, deprivation can include many aspects of lifestyles such as: where we live, where we work, how we spend our leisure time and which services we have access such as education, health and shelter. For example, poor health is a type of deprivation as it can affect the quality of life. Or, if someone is deprived of the opportunity to take part in political organizations, then he/she is excluded from the democratic process in which decisions about his/her life are made (Ward, 1986).

Proponents of relative measure of poverty argue that poverty is an aspect of unequal distribution of resources in which some are excluded from many important aspects of modern living (Alcock, 1997). From this perspective, an antipoverty policy should ensure the redistribution of resources and the integration of the poor into society. Such a policy should seek to reduce inequalities in the society and cease disadvantages by supporting poor people.

Like absolute poverty, however, there are controversial points in relative poverty. Firstly, Townsend's definition of poverty emphasizes on disadvantage and inequality. As long as inequality exists in the world, a proportion of the population will always be in poverty (Schiller, 2001). Therefore, relative definitions should adopt some absolute and concrete core in order to distinguish them from broader inequalities (Alcock, 1997; Spicker 2007 and Moore 1989). In addition, because household budgets, income or benefit receipt are easier to measure than personal

development and social relationships, research on poverty has mainly been based on these issues. Last, there are criticisms that a relative measure of poverty alone does not say anything about the quality of life of the people at the bottom of the income distribution. Nevertheless, governments and policy makers need to know how desperate the poor's situation is and which resources they need for living in dignity (Schiller, 2001).

To sum up, both absolute and relative measures for poverty are used to understand and alleviate poverty by different institutions. However, there are still questions and dimensions which have to be improved. Before focusing on the methods for elimination of poverty, the causes will be discussed in the next section.

2.2 Why do people live in poverty?

In order to find out ways for alleviating poverty, it is necessary to know what causes and perpetuates poverty. However, it is not very easy to find out since poverty results from interaction between different social forces, which include the actions of classes, groups, agencies and institutions in a particular social and economic order (Alcock, 1997). Like definition of poverty, causes of poverty also varies according to political and social tendencies of different institutions and groups. In this section, not only the factors causing poverty but also perpetuating poverty will be discussed.

2.2.1 Individual/pathological explanation

People adopting individual approach to explain poverty generally attributes the main responsibility for poverty to the poor themselves. They believe that the poor have pathological characteristics and poverty is the fault of themselves. As Schiller (2001) argues, the poor are viewed as less able, less motivated to work, overly reproductive, sick and handicapped. The source of poverty is tried to be found in personal character or ability (Spicker, 2007).

Since every person is regarded as being rational in economics, poor people are seen as poor because of the choices they make or their behaviours. Therefore, they are punished and responsibility for getting them out of the poverty is not felt by the rest of the society (Spicker, 2007).

Individual explanation for poverty is related to the concept of human capital. According to the human capital assumption,

...people who get ahead are those individuals (and families) that make the necessary investments. People ended up poor because they didn't invest enough time, energy, or money in the development of their own human capital (Schiller, 2001).

The more investments made, the better jobs and higher incomes are obtained. Moreover, since people are expected to have rational choices, this perspective assumes that individuals can control their socioeconomic status. They should know their options and choose from among them (Schiller, 2001).

However, there is a fundamental opposition to this approach. According to Alcock (1997) “ (i)f, despite many antipoverty policies poverty persists, then perhaps explanation should look not to the failings of the poor but to the failings of antipoverty policies and to the agencies and institutions responsible for making them work”.

There is another type of individual explanation that tends to represent poverty as the natural outcome for the poor or as the fault of themselves: familial explanation. Familial explanation focuses on family background and inheritance of the poor individuals. Since they live in the same household and they are part of the same local economy, an unemployed father might have an unemployed teenage son or daughter (Spicker, 2007). In other words, disadvantages of people might expand to their families as they as a whole lack access to resources and services.

2.2.2 Sub-cultural explanation

There occurs a subculture of poverty when poor people experience marginality and low status. It is believed that poor people create an “underclass” and begin to behave differently from the rest of the society. The members of underclass usually refuse to take responsibility of their lives and to work. They do not try to acquire the qualifications that make them more compatible with the rest of the society (Kane and Kirby, 2003). However, Spicker (2007) argues that it should not be expressed in a way that the poor choose to live in a different way. Since they do not have opportunities that other people have and do not participate in public life, the poor has to behave differently. He thinks that such an explanation has been used to “...represent poor people as mad, bad and dangerous”.

The cultural explanation of poverty was first developed by anthropologist Oscar Lewis in the name of ‘culture of poverty’. In his book *The children of Sánchez: Autobiography of a Mexican Family*, in which his purpose was understanding the relationship between subculture and large societies, he argues that none of the poor families in Mexico do not want to get rid of poverty. Therefore, they are a kind of trapped in poor conditions and the poverty is transferred to next generations. Lewis (1961) argued that the basic reasons behind this continuing poverty – that is, culture of poverty – was the fact that the poor are excluded from participative processes in social, economic and political institutions.

2.2.3 Social Exclusion

Related with discrimination, social exclusion simply means that some people are left out of the solidaristic social networks and they are not protected, as well as being socially rejected (Spicker, 2007). The focus is mainly on relations between people, not on the distribution of resources. Since those are not protected by society, they have difficulty in accessing support systems to meet needs and they become disadvantaged. As a result of disadvantaged physical and social environments, the harmful effects of individual poverty may be intensified (Lister, 2004; Lupton and

Power, 2002). Social exclusion may appear in all dimensions of life; namely, labour market, housing, health and education. According to Tiemann (1993), social exclusion may result with homelessness, ethnic tension, urban crises, long-term unemployment and high levels of poverty. Furthermore, since social exclusion is the denial of social contact and integration in a social network, individuals may lose the chance of living in dignity (Alcock, 1997).

As well as being resulted from social exclusion, poverty may also lead to social exclusion. Concentration of poverty can reduce mobility and communication between regions and people as the poor become trapped in deprived neighbourhoods (Alcock, 1997). Since the poor are cut off from the labour market, live in stigmatized neighbourhoods and do not access to welfare services, they experience social exclusion (Council of Europe, 2001).

2.2.4 Institutional and agency explanation

This approach adopts the view that poverty is the result of the action of others. As Spicker (2007) argues, “(p)eople are poor because of what institutions do”. Especially in developing countries, poverty results from the actions of government institutions and international organizations.

Banerjee et al (2006) claims that for economic prosperity, nations should have developed “good institutions”, which have three crucial elements; namely,

- 1- enforcement of property rights for a broad cross section of society, so that a variety of individuals have incentives to invest and take part in economic life;
- 2- constraints on the actions of elites, politicians, and other powerful groups so these people cannot expropriate the incomes and investments of others or create a highly uneven playing field; and
- 3- some degree of equal opportunity for broad segments of the society, so that they can make investments, especially in human capital, and participate in productive economic activities.

In countries without these institutions, rule of law does not cover everyone, not all people have opportunity to participate in economic life, and political and economic power of elites is not constrained. Discrimination, as the outcome of the actions of

others, might be a reflection of this lack of good institutions and cause of poverty. People are poor because they do not have adequate access to goods and services and they face discrimination on the basis of race, sex or class (Schiller, 2001). Hence, they cannot get the resources to move forward. In order to get them out of the poverty, the poor's opportunities should be expanded through quality education, new jobs and shelter.

Moreover, the lack of social equality, which means that people access to public services and share responsibilities regardless of their economic status, is an important component of poverty. In a society without social equality, there is always a possibility for people to be discriminated in social and civic activities (Schiller, 2001).

Discrimination not only causes individuals or communities to be poor but also regenerates poverty. For example, as minorities and women generally do not have equal access to services providing productive skills and labour market, it is highly possible that they and their children will continue to dominate the poverty population.

2.2.5 Gender

For a few decades, it is understood that development has different impacts – both positive and negative – on men and women. The benefits of development were not shared equally by women and men. Accordingly, social scientists tried to find out whether development improved the relative status of women in developing countries or marginalized women from production processes (Gündüz-Hoşgör, 2001; Drolet, 2010). Generally, there are two main theoretical views on the relationship between gender and development.

After Mexico City conference, which was held in 1975 and gathered women of the world, a model called Women-in-Development was adopted by national governments and international organizations. This perspective was fighting the male bias in development programs and was emphasizing the importance of women's access and participation in those programs (Dalgic, 2009). WID proponents

considered economic activity as the main element to improving women's status. Moreover, they supported income activities to help poor and development projects to provide women with access to education, resources and employment opportunities (Overholt, Anderson, Cloud, & Austin, 1985; Tinker, 1990). Microcredit, which is the subject of this study, is a common project of Women-in-Development approach. Following the main ideas behind this model, microcredit initiatives focus on improvement of women's skills so that they can raise employment opportunities and overcome poverty through increased income (Drolet, 2010).

At the end of the 1980s and towards 1990s, mainstream development institutions understood that the WID approach consisted of limitations that restricted its transformative capacity on many levels (Connelly et al, 2000). Moreover, rather than addressing the existing gender structures and key concerns, this model believes that female liberation will be led by development through increased participation in social and economic life. This approach was criticized since it assumed women's conditions could be improved through their incorporation into production and through their access to the cash economy (Gündüz-Hoşgör, 2001; Moghadam, 1998; Rahman, 1999b). In fact, the alleviation of economic poverty does not automatically lead to the alleviation of subordination of women. It provides women with some economic independence but it cannot bring a comprehensive solution for their poverty (Roy et al, 2008). Also, the view that women had to be integrated into development actively in order to achieve development was regarded as a narrow perspective (Reeves and Baden, 2000). As such, the WID model would be inadequate to initiate a fundamental shift in gender relations and ideology.

With these criticisms, a new model called Gender-and-Development emerged, arguing that it is ineffective in improving women's conditions (Jacquette and Staudt, 2006). According to Young (1997), unlike WID, GAD does not believe in the role of the market as distributor of benefits. In addition, it views women as active agents rather than the clients of development. Further, GAD advocates emphasize the need to challenge existing gender roles and relations since they believe these roles and relations cause legal, customary and labour market constraints – rooted in long-

standing gender ideologies and asymmetrical gender relations – on women's mobility and economic participation (Moghadam, 1998).

GAD researchers examine development comprehensively, taking into account women's health, reproductive rights, female-headed households, intrahousehold inequalities, violence against women, decision-making and collective action, as well as labor force participation. They focus on the interconnection of gender, class, culture and race in order to define and overcome women's subordination. Furthermore, according to Reeves and Baden (2000), this model gives special importance to the socially constructed values attributed to women and men. Unlike WID, GAD investigates men and women, not women alone (Drolet, 2010).

Because of the inadequacies of development programs and above-mentioned gender structures, women are more vulnerable to poverty than men. As well as they are more likely to experience poverty at some points in their lives, they also may suffer repeated and long-term poverty (Lister, 2004). Because of the unequal distribution of income and consumption among households, women generally face hidden poverty. That is, they are poor although their husbands are not or they may suffer from poverty more intensely than their partners. Daly and Rake (2003) argue that gendered division of labour inhibits women's economic independence and facilitates men's economic power over women. Therefore, even when resources are distributed fairly in the family, women are still vulnerable to poverty since they are reliant on the discretion of their partners.

2.2.6 Structural reasons

In the last few decades, what causes poverty has been attributed to personal faults with contribution of neoliberal views. However, in spite of long-term growth and welfare applications, poverty is still an important problem even in developed countries. Therefore, some still believes that reasons behind poverty should be sought in socio-economic system itself, rather than individuals (Şenses, 2002).

Accordingly, poverty is seen as the product of current economic system and in order to end poverty, the society should be changed.

Structural perspective points that poverty is created and perpetuated by economic, social and political structures and processes (Lister, 2004). If society is unequal, some people will necessarily become poorer since they will not easily access to resources. Moreover, everyone in a country may not benefit from economic growth. Therefore, while some regions of the globe or country live in abundance, others experience poverty.

Structural adjustments programs, which have been implemented by many developing countries under the supervision of international finance institutions such as World Bank and International Monetary Fund, led countries to leave industrial activities and reduce employment in industrial sector. Because of the privatization, economic difficulties and reductionist policies in public and private sector, many workers lost their jobs and unemployment increased (Şenses, 2002). In addition, as a result of high real prices and low real wages, many people became impoverished and poor wage workers increased.

In this process, components of employment has changed from manufacturing that provides high wages towards service sector, the main characteristic of which is low wage. Accordingly, with an increase in international competition, labour markets have been restructured; many people have lost their jobs and new employment types such as flexible, part-time and seasonal jobs have been created (Şenses, 2002). Moreover, globalization showed itself in developing countries with establishment of new plants with new techniques, which resulted with lower levels of employment and wages, and with weakening of trade unions (Banerjee et al, 2006).

People's employment conditions are important in understanding their living standards. Since a person's relationship to the labour market determines his/her economic and social status, poverty studies should focus on this relationship. As Schiller (2001) explains, "(d)istinguishing poor families from non-poor families most clearly are differences in labor-market earnings".

Like discrimination and social exclusion, unemployment is both cause and effect of the poverty. If people's unemployment duration gets longer, the risk of poverty increases equally. Even if unemployment does not necessarily lead to poverty, it has an important role in deepening conditions of many poor people (Schiller, 2001). On the other hand, poor individuals may be discouraged in job seeking as they concern about their lack of education, human capital and marketable skills. The combination of these situations is enough for millions of people to be kept in poverty.

According to Moghadam (1998), this type of capitalist development has adverse impacts on women's productive and reproductive roles. If the national economy is more linked to the global world economy, public sector withdraws resources from social programs. That causes the family to share the burden disproportionately. Since women are considered as responsible for household affairs, the costs of cuts in the public sector are shouldered by them (Dalgic, 2009). Furthermore, women face disadvantages in the newly formed labour markets in terms of wages, training, occupational segregation and social power. Poor women in developing countries lack human capital and physical capital. As a result, they are not preferred for decent work. Even in developed countries, women may be excluded from labour market because of the bias about their responsibilities at home as mothers and wives. Without access to paid employment, women cannot earn income and gain economic independence and live in poverty. Therefore, since labour market has a vital role in people's living conditions, to reduce current poverty and prevent future poverty, coordinated and comprehensive employment policies – in which women are covered – providing good quality jobs should be implemented.

Beside employment structure, patterns of international trade have changed during recent years. According to trade theory, all countries are expected to benefit from specialization and exchange. Maximizing output by specialization in specific goods in which they have comparative advantage, countries would gain. However, the real life is different. Developing countries face a series of barriers in accessing to markets of developed countries and they are prevented from protecting national industries (Spicker, 2007). UNDP's Human Development Report (2005) states that "...The

world's highest trade barriers are erected against some of its poorest countries: on average the trade barriers faced by developing countries exporting to rich countries are three to four times higher than those faced by rich countries when they trade with each others.”

Furthermore, as well as this economic transformation, armed conflict as a structural factor leads to poverty in both direct and indirect way. First, military expenditures have grown since the 1970s. As a result, governments have chosen to separate fewer resources for public services and economic growth and human development have been damaged in many countries (Todaro and Smith, 2006). Second, during armed conflicts, communication is disrupted, populations are displaced, trade decreases and development is banned (Spicker, 2007). The details of impacts of armed conflict on societies will be discussed in next chapters.

Above are the circumstances creating and perpetuating poverty. However, it is important to remember that these factors alone do not imply many things. Rather, poverty is the production of various combinations of factors and processes.

2.3 The ways for eliminating poverty

After creating a definition of poverty and listing causes of poverty, the ways to combat poverty can now be discussed. As mentioned above, poverty, its causes and recipes have political implications and vary according to different schools and political groups. Therefore, it would be beneficial to first categorize main political positions with respect to their propositions.

First, *neoliberals* simply suggest minimum state activity that avoids provision for individuals and families and encourages self-sufficiency. According to them, state intervention encourages dependency and does not solve the problem. Moreover, government distributions are ineffective and violating individual preferences since every individual is regarded as rational human beings (Schiller, 2001). Second, *conservatives* argue that the main problem is common values have been changed and

the poor are now regarding some jobs undesirable and refuse to take them (Glazer, 1969). Furthermore, the state should take measures for individuals or families whose poverty is proven by various tests. This method is also called “selective approach” and it will be defined later in this section. Third, *social democrats* adopt the view that state should intervene to the market to provide quality employment and certain services that facilitates people’s participation in labour market, such as child care or vocational trainings. Fourth, *Marxists’* recipe for alleviation of poverty is the transformation of capitalist society into socialist society so that wealth of the rich would be distributed to all and an egalitarian system would be established (Novak, 1995). Alcock (1997) argues that this view has recently been extending to various groups since many people understood the importance of distribution of basic resources to all, regardless of their political positions.

Poverty is generally tried to be eliminated through two ways. The first one is indirect approach, in which focus is on rapid economic growth in order to improve poor people’s income levels and living standards (Şenses, 1999). In the second approach, direct approach, it is necessary to provide individuals with cash money and benefits to assure people’s education, housing, food and health requirements. These two main approaches and their components will be discussed in details.

2.3.1 Indirect approach

According to this approach, industrialization, education, and technological developments would give rise to the growth in economy. By this way, unemployment and hence poverty would decline. Resources should be used in order to accelerate growth so that that income levels and living standards of the poor would improve. According to Şenses (2002), the capacity for provision of basic services such as education and healthcare would increase through economic growth. Economic growth and education as some of the ways for struggle against poverty are detailed below.

2.3.1.1 Economic growth

Schiller (2001) argues that slow economic growth and – therefore – high rates of unemployment apparently perpetuate poverty. On the other hand, a strong economy creates job opportunities, creates more income and reduces discrimination. Economic development is assumed to have a “trickle-down effect” in a society, which means it will improve overall standards and many people will be engaged in the economy and will benefit. Moreover, economic development promotes social inclusion through extending communications and social contact (Spicker, 2007).

Economic growth is important in terms of creation of employment opportunities. Since it provides regular income, formal paid work with a decent wage that comes with growth is a crucial element of any antipoverty strategy. Otherwise, ad hoc policies for poverty would be ineffective and expensive (Lister, 2004 and Johnson, 1965). Employment is of importance also for women since their involvement in extra household activities is a way for enhancing their bargaining power both in the household and in the society (Kandiyoti, 1990).

However, it is important to note that although provision of employment has an important role in eliminating poverty, being hired in a job does not necessarily guarantee financial improvements. The working conditions, working hours and wage earned also have great importance (Schiller, 2001). For example, female workers in developing countries are usually concentrated in low-skilled services sector and agriculture with lower income. Therefore, as mentioned above, low wages weaken their economic power within the family.

Even if it is a requirement for prosperity of nations, there are uncertainties about economic growth. Banerjee et al (2006) claim that during economic growth, “what happens to poverty depends on what happens to the distribution of income and consumption”. If overall income grows, then poverty would be reduced. Otherwise, income gap widens and poverty perpetuates. Therefore, economic development does not guarantee human development and there is always a possibility of “growth without development” (Todaro and Smith, 2006).

2.3.1.2 Education

An effective education system will affect long-run productivity growth in a positive direction, by increasing investments and by reducing the cost of skilled labor (Banerjee et al, 2006). Moreover, by increasing human capital, education increases countries' ability to initiate advanced technologies (Benhabib and Spiegel, 1994).

As well as economic growth, education also contributes to income in several ways. First, it expands people's knowledge and skills. According to Amartya Sen (1985), education helps to enlarge human capacity and alleviates people's deprivation. In concrete terms, since diplomas are regarded as proof of diligence by employers; they provide access to more jobs whatever its content is (Schiller, 2001). Second, educational attainments provide people with more secure jobs. People without any educational degrees are first to be fired in the case of crisis and, as a result, are more likely to get into poverty. Third, since more educated people contribute more to the labour market in terms of human capital, they have more income-earning potential and receive the more income.

Education has crucial role in women's lives. In order to be employed in paid jobs, women need to add basic and skill-based education to their personal endowment at birth (Roy et al, 2008). However, although access to education in most parts of the world has increased, women still cannot access to education because of gender-based stereotypes.

Education has other effects that facilitate the poor's lives. For example,

...(e)ducation also increases people's understanding of sanitation and hygiene, improves their ability to read labels of all sorts, encourages their use of health care systems, and, in countless other ways, acts to protect and promote their health (Caldwell, 1986).

To conclude, education and training are important components of antipoverty policies since they reduce poverty and make full employment more attainable and less expensive. Therefore, equal access to education should be ensured for both men and women. Otherwise, discrimination may persist and benefits of education may not be gained equally between people and between sexes (Schiller, 2001).

2.3.2 Direct approach

This approach covers the policies and transfers provided by the state to the poor people in order to meet their basic needs such as food, health, education and shelter. It has great importance for some since cash or in kind transfer is the immediate thing to be done for the poor (Spicker, 2007). Basic income, social insurance, social protection and social security services, which are fundamental means of dealing with poverty and providing income maintenance and social inclusion, are concrete examples of direct approach. As well, microcredit can also be regarded as direct approach in fighting against poverty since microcredit institutions target poor women and provide them with a specific amount of cash. Although the main motivation is to set an enterprise and therefore to create employment, the fact that this money is mainly used for consumption concerns and its urgent and short-term characteristic make it a component of direct approach.

Benefits provided to poor people split into two: universality and selectivity. First, selective benefits target only the poor. While doing so, these benefits exclude non-poor people (Spicker, 2007). Selective benefits are distributed through means test; people have to prove their poor conditions and have to be below a specific income level in order to deserve benefits. However, since income is not necessarily constant and people own both monetary and non-monetary resources, there are problems with separating people with respect to their income. In addition, it has technical problems:

Tests are complex and expensive to administer, there are always boundary problems in deciding who qualifies and who does not, and there are problems at the points where people cease to be entitled (Spicker, 2007).

Second types of benefits are distributed with the view of universality. These benefits are available to both poor and non-poor people. Like selective benefits, universal benefits too have advantages and disadvantages. Since any expenditure for testing is not required, it is easy to administer. However, providing a larger group with benefits costs more than selective benefits.

Main ways to eliminate poverty are listed above. However, in order to implement successful antipoverty policies, some other attempts are required. First, there should

be a political commitment. According to Alcock (1997), if the process is institutionalized, there would not be much resistance to antipoverty policies. Second, it is important to make voices of the poor heard by others and to include the poor in decision-making processes. However, although poverty is best known by the people who experience it, both poor and non-poor should campaign against poverty to avoid being self-defeated (Holman, 1978 and Lister, 2004). Third, since men and women have different experiences in development process, the antipoverty policies should take the needs of both sexes into account. Last, the rule of law, democracy and economic and social rights should be ensured since, as Spicker (2007) states, poor people not only lack resources, they also lack entitlements.

To summarize, as adopted as an argument in this thesis, poverty is a combination of material need and economic, political and social circumstances. The conceptualization of poverty has left its focus only on lack of resources. Therefore, the policies to combat poverty too should include regulations in social and economic structures as well as the redistribution of resources. Otherwise, these policies will be inadequate to reflect main issues and concerns of different groups of people.

2.4. Poverty in Turkey

There has been an increasing trend in poverty in Turkey. Turkish Statistical Institute (2010) calculated the poverty rate in Turkey in 2010 as 16,6%. Poverty levels and rates in the country change according to regions, age, sex, educational background and employment status. For example, poverty rates in Northeast Anatolia Region and East Marmara Region are different; which are 15,3% and 9,9%, respectively.

According to Sibel Kalaycıođlu (2009)⁶, neoliberal policies that are adopted intensely since 1980, changing economic structure and globalization have primary importance. As a result of neoliberal policies, informal sector gained importance in the economy. Moreover, flexibility in employment and wages and lack of secure jobs

⁶ Obtained from Kalaycıođlu's work in *Sosyal Yardım Sistemine İlişkin Mevzuatın İyileştirilmesi Projesi Analiz Raporu* that is prepared for Social Security Institution in 2009.

deepened poverty. With technological developments, automation replaced labour-intensive production; as a result, need for human force decreased and unemployment increased. Furthermore, after 1990, reasons for migration have changed and newcomers have lower employment and housing opportunities. Since 1990, there has been a transformation from the situation in which people were experiencing poverty alternately to the situation in which people live in poverty continuously (Işık and Pınarcıklioğlu, 2003 and Buğra et al, 2005).

Actually, fight against poverty had not been in the agenda of Turkish authorities for a long time since there was a common belief that traditional solidaristic networks would protect individuals from all of the life risks as well as poverty. According to Sallan-Gül (2002), this issue has started to be dealt with on an institutional basis since the second half of the 1980s. Parallel to the increasing rates of poverty, the government has started to implement various programs that can be categorized under direct approach in order to eliminate and/or alleviate poverty. Social assistance programs, which have increased for a decade, are one of the most common applications. According to ISMMMO (2009), total amount of transfers made by the State since 2003 is around 7 billion TL. This increasing trend indicates that social assistance programs have nearly equal importance with social insurance programs (Hacımahmutoğlu, 2009). Unlike their residual characteristic, it seems that they are now inevitable and studies on poverty alleviation cannot be effective without them.

In Turkey, there are many types of reliefs provided by various institutions. They are family reliefs, sheltering reliefs, food reliefs, fuel reliefs, education reliefs, reliefs for special cases, disaster reliefs, reliefs for public kitchen (*Aşevi*) activities, health reliefs, reliefs for disabled people, clothing reliefs, reliefs for unemployed people. These all types of social assistance are provided according to different criteria and by different institutions; some of which are Social Assistance and Solidarity General Directorate, municipalities, Special Provincial Administrations, Social Services and Child Protection Institution and non-governmental institutions.

One of the most popular projects implemented against poverty in Turkey was Social Risk Mitigation Project (SRAP) with a budget of 500 million USD that was financed

by both World Bank and Turkish Government. It was implemented by Social Assistance and Solidarity General Directorate between 2001 and 2007. One of the aims of this project was to alleviate negative effects of 2001 crisis on poor people (Human Development Unit, 2003):

The SRMP is designed to support Turkey's ongoing efforts to reform, improve, and expand the social protection system and to address some of the negative coping strategies that the poor have been forced to adopt in response to the impact of the earthquake and financial crises.

The project was consisted of three main elements; namely, rapid transfer, conditional cash transfer and local initiatives. First two elements were examples of indirect ways of attacking poverty. Conditional cash transfer is shown as a successful policy especially with regard to access to education. However, there were also criticisms to this project on the ground that only people who are outside any social security were provided with conditional cash transfer. Therefore, people depending on a social security program but with minimum income are excluded (Sallan-Gül et al, 2007).

Since 2002, besides the traditional ways for eliminating poverty, that is, social assistance, policy-makers have been more engaged in encouraging people to be entrepreneurs through microcredit. Microcredit emerged with a high motivation of non-governmental organizations and the government. Behind this motivation, there was a belief that social assistance will not eventually take people out of poverty and it is not a sustainable way. The history of this recent development tool is going to be mentioned in the fifth chapter.

In the next chapter, the emergence of microcredit that aims to integrate women into income-generating activities to raise families' income and opinions about this project will be analyzed.

CHAPTER 3

MICROCREDIT: ITS HISTORY AND MAIN DISCUSSIONS

3.1 Introduction

In 1976, Prof Muhammad Yunus began visiting very poor households in the village of Jobra near Chittagong University in order to find a way of helping them directly. During these visits, he met Sufiya Begum who manages her life by producing bamboos and after the conversation with her, Yunus discovered that very small amounts of money (loans) could change the poor's lives. After a research, he found that 42 people in Jobra were dependent on moneylenders with usurious interest rates and their total debt was 27 dollars. Shocked by this small amount, he lent this money from his own pocket to Jobra women making bamboo furniture (Yunus, 2003).

In order to find a way for systematizing this, he met with staff of traditional banks in Bangladesh. However, he was usually rejected on the basis that the poor were not creditworthy since they were not considered to meet collaterals and repayments. After many efforts, Prof Yunus persuaded Janata Bank for a credit delivery system by offering himself as the guarantor in December 1976. After a few years, this project was converted into an independent bank – Grameen Bank – that gives small loans to the poor with a government legislation⁷.

Since its establishment, the bank gives small loans to very poor people, especially women, to develop their own jobs that generate income for them and their families. Yunus (2003), dreaming about a poverty-free world, explains Grameen Bank's social objectives as follows: eliminating poverty, providing education, health care and

⁷ Grameen Bank website http://www.grameen-info.org/index.php?option=com_content&task=view&id=19&Itemid=114 retrieved in 8 November 2011.

employment to the poor, empowerment of women and achieving gender equality, ensuring the well-being of elder people.

In Bengali language, the word of Grameen means “of the village” or “rural” (Yunus, 2003). Prof Yunus developed this microcredit system for the poorest parts of the Bangladesh, i.e. the people living in the rural. However, recently, microcredit spread to the world’s cities. It became a robust tool for development on international level in the 1990s (Dalgıç, 2009). According to the data in the Microcredit Summit Campaign Report (2011), there exists 3,589 microfinance⁸ institutions working for saving people from the bondage of poverty around the world. The total number of clients by December 2009 is reported as 190,135,080. These numbers imply that international development community adopted microcredit and extended financial markets to the people who were not regarded as ‘bankable’ before.

In this chapter, this popular development tool, microcredit, will be analyzed in three parts. In the first part, its existence and functions will be analyzed in terms of neoliberalism and welfare. The idea of entrepreneurship and the relationship between poor people and finance will be discussed in order to set up parallelism with neoliberalism. In the second part, the idea behind the fact that microcredit is mainly given to women and its impacts on women will be discussed. Lastly, in the concluding part, the overall effect of microcredit on poverty will be analyzed in the light of previous chapter and the first two parts in this chapter. All analysis will be made by giving voice to both advocates and opponents of microcredit.

3.2 Microcredit as a neoliberal development tool during the fall of the welfare state

Muhammed Yunus (2003) expresses Grameen’s support for less government at every opportunity. He believes in free-market and that is why Grameen Bank promotes entrepreneurial institutions. His innovation, microcredit, helps the poor to fully adapt

⁸ “Microfinance” is a generic name for the programs distributing microcredit all around the world.

capitalist wealth creation mechanism, which is individual entrepreneurship (Drolet, 2010). By allowing the poor to use capital tools, it is believed that poverty will be overcome and the poor will improve their lives (Yunus, 2003).

This point of view sees microcredit as the missing piece in development. That is, if women are integrated into the existing neoliberal system through microcredit, they could get rid of poverty and become empowered (Drolet, 2010). However, there are some oppositions to that view. For example, Vonderlack-Navarro (2010) believes that microcredit programs are not a cure-all for poor people. Despite their popularity as poverty alleviation tools in developing world, they should be accompanied by a series of public services such as health and education. However, by claiming that “I also believe that providing unemployment benefits is not the best way to address poverty. The able-bodied poor don’t want or need charity...” (Yunus, 2003) and describing his dream as ‘welfare-free world’, he positions microcredit as the permanent substitute for social welfare spending and support (Bateman, 2010).

Yunus and Grameen Bank has created such an environment that microcredit is what poor people really need. Whatever the benefits of microcredit are, in the long run, such a movement from the formal sector is considered as bad for the community and it is expected to have adverse effects on the efforts for poverty reduction. First, microcredit is not the only thing that helps the poor. There is also need for social work services to promote people’s – especially women’s – self-esteem and to improve their life quality (Vonderlack-Navarro, 2010).

Second, moving away from welfare through micro credit is regarded as bad because it is a kind of ‘local neoliberalism’. As Bateman (2010) argues, microfinance supports free market and brings capitalism to the poor. By doing so, it misses the chance of empowering the poor and women in order to change social and power relations of capitalism. Rather, microcredit creates busy people by forcing them to establish their own business, in conformity with neoliberalism. These people are expected to deal with their survival and to be responsible for their own destiny (Taylor, 1996; Battliwala and Dhanraj, 2004). In this plan, the role of the state is facilitator of people’s welfare, rather than provider. With an intent to save their

enterprises and to have individual success, they would have no energy to challenge social order and be away from political considerations. In fact, this is consistent with Yunus' ideals. If we consider the structure of microfinance institutions, none of them allow common production business or cooperative enterprises which have greater impact on poverty reduction. Looking at the history, it is seen that achievements of the societies through a fair wealth distribution were hidden in state intervention and the exercise of their collective capabilities. Therefore, Yunus is criticized for supporting status quo and preventing the poor from democratic public institutions to get access to products and services, for example, basic income, basic supply of food and decent employment, according to their needs (Bateman, 2010). Instead, the Grameen model leaves those products and services to the private sector. Also, they should be upcoming only after individual microenterprise success that originates from microfinance. However, such an approach may sustain the unequal structure of wealth and may reproduce poverty rather than eliminate it. John Harriss (2002) accuses these institutions – unwilling to change current inequality – for being in the wrong side of the history.

Third, adopting microcredit distribution as a development policy possibly causes local/small economy to deindustrialize. Since the amount given is very low, women receiving micro credit usually establish simple enterprises with simple – even primitive – equipments. Moreover, although these women are advertised as entrepreneurs, there is not any prospective financial support by the authorities to enhance the production opportunities and profits (Bateman, 2010). In fact, additional financial support for small enterprises is crucial for sustainable economic and social development. Without experiencing any meaningful growth, these enterprises remains primitive and their (direct or indirect) contribution to the economy of the country concerned proceeds at low levels. As a result, in developing countries with high rates of microfinance activities, there is a risk of deindustrialization and infantilization and their exit from poverty gets difficult in the long run (Baumol, 1990).

After these arguments, we can now understand the reason behind the fact that Muhammed Yunus and Grameen Bank has attracted international development community and business elites since 1990s. They have become very supportive of microfinance industries for the last few decades. However, according the Milford Bateman (2010), this support does not arise from a strong interest in poverty reduction, but from microcredit's important economic benefits to the business sector and neoliberal economic system. In his invaluable book "Kicking away the ladder", Ha-Joon Chang (2002) explains the history of development strategies. The world development history shows that although the rich developed countries achieved their great economic and social success through state intervention, they have tried to discourage the developing countries from exercising the same interventions and leave them in the hands of free-market. In order not to have more competitors and to keep their wealth and strength absolute, the rich countries promote free-markets and non-interventionist policies in developing countries. Therefore, since developing countries are not allowed to practice earlier successful development activities such as building their own industries and agricultural sectors, the unequal global economic and social order is likely to continue.

After analyzing microcredit with regard to its contribution to neoliberalism in general term, it would be beneficial to detail these discussion by looking at individual entrepreneurship and the inclusion of poor people in the financial sector via micro credit. In the part of entrepreneurship, Grameen's and Yunus' perception of and expectation from individual enterprises and the views of various authors working in the field will be shared. Furthermore, in the second subtitle, micro credit's impact on diffusion of financial services and the relationship between this situation and neoliberalism will be discussed.

3.2.1 Individual entrepreneurship

Grameen model and other microcredit initiatives are based on individual entrepreneurship. Women apply for the credit on behalf of themselves and the

production process is maintained individually. The logic behind this is the belief that all human beings are potential entrepreneurs; everyone can be an entrepreneur. According to Yunus (2003), what people need in order to express this talent is capital, i.e. credit. He claims that considering entrepreneurs as especially gifted person is a wrong point of view.

Yunus (2003) thinks that the poor are poor as they cannot transform their labour to income; their lack of training or illiteracy is not the main problem. Hence, since the only thing the poor need to show their abilities is credit, Grameen Bank's microcredit clients do not receive any vocational training. Yunus (2003) explains the logic as:

All human beings have an innate skill. I call it the survival skill. They do not need us to teach them how to survive; they already know how to do this. So rather than waste our time teaching them new skills, we try to make maximum use of their existing skills. Giving the poor access to credit allows them to immediately put into practice the skills they already know – to weave, husk rice paddy, raise cows, peddle a rickshaw. And the cash they earn is then a tool, a key that unlocks a host of other abilities and allows them to explore their own potential... Formal training can even destroy their natural capacity or make them feel small, stupid, and useless. They either have already received this training as part of their household chores or have acquired the necessary skills in their field of work. All they need is financial capital.

While approving Yunus in his view that profit is biased toward capital, Abosede (2008) argues that most people do not have innate skills, vision, creativity to be entrepreneurial. However people's knowledge of production is not enough for the ability to control capital and to control accounts; they require some different skills and trainings. Without such a training, women who get microcredit are involved in subsistence economy and since they are unable to compete with other production actors through their petty trading, they sustain their activities within the informal economy (Pearson, 2007). Actually, Bateman (2010) calls the work these women do as 'survivalist individual activities' rather than entrepreneurship. They are survivalist since microcredit has not been applied to establish an income-generating activity but to facilitate consumption spending and to buy food. The women usually take credit where they cannot meet their daily needs through current household income. With the money remained after these needs, they start small production activities to

convince the institution staff they get credit. As a result, in spite of examples of successful women entrepreneurs shown in microcredit advertisements and websites, since their home based production often has low returns, the possibility to be businesswomen, to earn regular income and to exit out of poverty is also low.

Chowdhury (2007) shares a news of a local newspaper in Bangladesh, Dhaka as an example. According to the study on the current situation in Jobra implemented by Bhorer Kagaj⁹, the villagers have not been able to escape poverty and most of the recipients could not sustain their microenterprises – even the first client of Grameen Bank, Sufiya Begum died in deep poverty in 1998 after various income generating activities. Moreover, as well as the general poverty, the village of Jobra now lives under a huge debt burden since people have difficulty in microcredit repayments. Some extreme examples show that people still pay their loans even though their original business activity ends with failure (Bateman, 2010). As a result, these failures cause many poor individuals to face deeper poverty than before they get microcredit.

So, despite these failure stories, why is the focus still on individual enterprises? International development community and other microfinance advocates see self-employment as the best way of escaping poverty. This situation may depend on two reasons, one of which is the global economy's employment creation capacity is nearly over. The poor are excluded from secure employment mechanisms since they do not have appropriate educational and vocational background and are unqualified for the jobs provided. Therefore, rather than waiting for the economy to provide secure employment to the poor or to meet their needs through welfare services, it is preferred to make the poor engage in individual activities. These self-employment activities are promoted as opportunity to get rid of poverty. However, what is ignored in this process is the fact that women in developing countries may not always want to do entrepreneurial activities (Bateman, 2010). Like many people in the world, they dream about secure, regular and better-paid work in a clean environment and they expect these jobs to support their other responsibilities at home. However, despite

⁹ Bhorer Kagaj, The Jobra of Yunus: poverty there has not found itself in an archive, 10 March 2007.

their demands, these women are increasingly forced into the most primitive forms of self-employment through microcredit. Then, poor women's vulnerability is reduced to an extent but many of them encounters failure since women are not attracted into entrepreneurship with a business plan but the case is a kind of 'poverty-push' self-employment (Morduch, 1998).

The second motivation behind the focus on individual entrepreneurship in microfinance is its marginalizing effect on more powerful forms of ownership, some of which are state, collective and cooperative ownership (Bateman, 2010). By excluding collective types of employment and promoting individualism, microfinance prepares a comfortable platform for neoliberals. The problem of poverty can be addressed publicly but the solution can be found individually, in conformity with the individual basis of neoliberalism.

3.2.2 The poor and financial services

Buying and selling process has changed with development of financial tools such as cheques, credit cards and debit cards; consumption and lifestyle has become more flexible. Traditionally, poor people have been excluded from financial banks since they are unlikely to meet their conditions, i.e. collaterals, and banks do not prefer to take on the risks and cost of small uncollateralized loans. Therefore, their exclusion from financial services can also exclude the poor from the advantages of borrowing and buying on credit (Alcock, 1997).

According to Yunus (2003), an additional effect of credit is the fact that economic power created by the credit easily turns into social power. Access to financial services increases people's economic and social status, as well as introducing them above-mentioned advantages. That is, by favoring the rich, the credit institutions give harm to the poor's social life. Therefore, as Yunus suggests, because of the "powerful socioeconomic implications of credit", access to credit should be recognized as a human right. Nevertheless, Bateman (2010) criticises this view on the basis that Yunus' understanding and description of poverty is inadequate.

Through pronouncing microcredit as a human right, he ignores the integrated characteristic of poverty, which complies with neoliberal efforts to define poverty mainly in absolute terms and see it as a cash problem.

Prevented from formal financial services, the poor tried to develop some informal – sometimes illegal – financial arrangements and survival strategies in order to meet their needs (Abosedo, 2008 and Christen, 2001). As a result, households without any access to banking services applied for credit, with high interest rates, provided by informal moneylenders. The expensive credit and usurious interest rates paid to moneylenders caused important barriers for the poor that they could not have adequate income and exit out of poverty. According to Kabeer (2008), this situation may cause the poor to enter a vicious cycle of impoverishment and debt. While establishing Grameen Bank as a strategy option to moneylenders and demands of conventional banks, one of the strongest arguments of Muhammad Yunus was that they would end this intolerable abuse of the poor (Yunus, 2003). Addressing the problem that poor people were excluded from formal financial system especially in developing countries, microfinance aimed at reversing the idea that the poor are not bankable through various lending arrangements (Mutua, Nataradol, Otero and Chung, 1996; Yunus, 2003). In order to change this idea, unlike conventional banks, Grameen Bank does not demand lump sum payments during repayment. Microcredit receivers maintain a daily payment program which is constituted of so small payments that borrowers feel themselves psychologically comfortable and cannot miss any of them (Yunus, 2003).

In general, microcredit is regarded as beneficial for allowing poor household to enter in financial system (Alcock, 1997). However, at the same time, this is a different way of introducing banking system to poorer regions and the people living there. Taking into account the role of financial banks in the development of neoliberalism throughout the history, this introduction brings out Bateman's above-mentioned concern of local neoliberalism.

3.3 Implications of microcredit for women

3.3.1 Why to women?

Grameen Bank and other microfinance institutions focus on women for years. The credits are mostly given to the women and they are expected to set enterprises, rather than the men. For example, at least fifty percent of Grameen loans have been granted to women. As Yunus (2003) explains, such an attitude depends on three main reasons. First, traditionally, since the banking system is created for men, financial banks exclude women. The possibility of women to be prevented from the access to banking system is higher than that of men. When it is combined with poverty, the suffer women face doubles. Second, as in the case of access to banking system, women are generally excluded from services that improve their lives and they constitute the majority of the poor, unemployed and disadvantaged population. In general, women experience hunger and poverty more deeply than men. Therefore, if the goal of development is to improve the general living standards, to reduce poverty, to provide dignified employment and to reduce inequality, then nothing is more usual than working with women. Third, women seem to have more multiplier effect in poverty alleviation. They are ready to improve the welfare of their children and families once they get opportunities. Moreover, they are willing to work harder in order to provide better lives for their children and protect their family from poverty.

The more money we lent to poor women, the more I realized that credit given to a woman brings about change faster than when given to a man... Money entering a household through a woman brings more benefits to the family as a whole (Yunus, 2003).

Thus, if the objective of the microfinance institutions is to make households exit out of poverty, it seems better to give microcredit to the women.

In fact, there have been many criticisms to emphasis of microcredit on women related to these reasons. In the first place, although it is true that women are also excluded from financial services, there is another motivation behind the intention of targeting women in credit programs: they are considered as ‘better-borrowers’ (Dalgic, 2009). That is, they are more reliable than men in repayment of the loans.

This is a strategic decision since microcredit is not based on usual collaterals as in the case of financial banks and there is a need to find a way to secure the loans. Since women are more convenient and comparatively risk-free, they decrease the cost of programs, which is vital for the sustainability of microcredit initiatives (Mayoux, 2002 and Vonderlack-Navarro, 2010).

Second, despite the fact that the credit is directed towards women with an objective of overall poverty alleviation, it is obvious that poverty is a function of wages, size of household, access to goods and services, geographical and global issues, as well as gender (Abosedo, 2008). Therefore, taking into account these structural characteristics of it, poverty should not be equated to only sex. That is, providing women with microcredit may not be enough in eliminating poverty of the people living in developing countries.

Furthermore, studies show that generally women are not risk-takers; they are risk-averse. Gender is an influential factor while determining the risk-taking behaviour of people. Since men are characteristically more confident than women (Barber and Odean, 2001), they do not follow the same path in investment decisions. As Byrness, Miller and Schafer (1999) find, women tend to take less risk than men and they invest less (Niessen and Ruenzi, 2006). Since women are not likely to make big investments and they do not fulfill one of the main conditions of entrepreneurship (being a risk-taker), they are less likely to be as successful as microfinance institutions' PR materials say in their 'business' life. They usually remain at primitive level and do not experience big returns. Therefore, without big returns they cannot improve their families' living conditions as Yunus supposed and the primary goal of microfinance – reducing poverty by making available credit to poor women – would not be achieved.

In general, the targeting of women by microfinance institutions discloses gender relations at the household level. While women contribute higher proportions of their income for family needs, men usually spend their earnings on their own expenses (Vonderlack-Navarro, 2010). Therefore, it is not hard to say that the quality of participants' families can be improved once she gets microcredit (Johnson, 2005).

However, it does not go beyond a simple disclosure. That is to say, microcredit institutions focus on women individually but they do not address broader family relations that shape women's social and financial lives, nor they challenge common structural barriers set by male individuals, the state and even by nongovernmental organizations which usually affect families' economic conditions (Vonderlack-Navarro, 2010). Therefore, without challenging these relations, this individual focus of microcredit programmes place the burden of poor families' survival solely on poor women and mothers (Poster and Salime, 2002). Since they fulfill the responsibilities both at home and outside, women's workloads and working hours increase. Moreover, there occurs a risk that once women access credit and earn money, male individuals of the family may be unreliable in their families' needs and contribute less money (Johnson, 2005; Vonderlack-Navarro, 2010). According to Battliwala and Dhanraj (2004), because of such a shift in responsibilities, women spend all of their time and energy for earning income in order to repay the loans and manage the debt alone. As a result, they do not have any opportunity to participate in public and organizational affairs.

All these arguments bring on the discussion of *instrumentalization of women* in poverty and development discourse. Women have historically been reduced to their productive and reproductive roles in the economy. As mothers and household regulators, they need to be healthy in order to provide food and raise children. This functionalist perception of the role that women could play in development process was reflected in World Bank's World Development Report 2003:

Studies of a wide range of societies find that women are an important engine of growth and development. Their ability to save and invest in their families is well documented. As the family's nutritional gatekeeper, women fight hunger and malnutrition.

Because of their above mentioned roles, they become agents, consumers and beneficiaries of state-controlled, or private, microfinance and other development programmes without any investments in services that facilitate their daily lives such as daycare for children. The economic, political and cultural concerns of women remain behind economic and financial goals, which reflects the lack of gender

perspective in microcredit initiatives (Abosedo, 2008). As Batliwala and Dhanraj claim (2004), '[w]omen become passive instruments of the regime's single-point anti-poverty programme'.

To summarize, as poor women are regarded as easier to work with, more honest, more hardworking for the betterment of their families, development community use them as poverty alleviation agents. However, as Abosedo (2008) argues, there is always a possibility that targeting only women and excluding men can cause them to face risk of domestic abuse since the relations between men and women are complex at the household level. In addition, it is not certain that targeting only women will produce more benefits for the society. In fact, without adopting gender equality as a fundamental component of designs of programs, microfinance institutions might engender disempowering practices and patriarchal structures to continue (Johnson, 2005 and Dalgic, 2009). Therefore, it is important to note that these economic ends should be balanced with 'the feminist commitment to their empowerment' (Batliwala and Dhanraj, 2004), which will be discussed next.

3.3.2 Empowerment

The relation between microcredit and empowerment has been discussed frequently in the literature. It is assumed that increasing women's access to loans will increase women's decision making in the household, raise their level of independence, improve women's status in the society and empower them (Microcredit Summit Campaign, 2009; Yunus 2003 and 2007). Norwegian Nobel Committee, when awarding 2006 Nobel Peace Prize jointly to Muhammed Yunus and his innovation Grameen Bank, noted that¹⁰:

Microcredit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions. Economic growth and political democracy cannot achieve their

¹⁰ Nobel Peace Prize 2006, Press Release, http://www.nobelprize.org/nobel_prizes/peace/laureates/2006/press.html, retrieved in 24 November 2011.

full potential unless the female half of humanity participates on an equal footing with the male.

Thus, microcredit was seen a way for challenging existing repressive conditions. Before discussing microcredit programmes' empowerment effects, we need to define empowerment and its components.

Actually, despite its common usage – even as a buzzword, there is not one agreed definition of empowerment. There are various attempts to develop a comprehensive understanding of empowerment. In this study, Naila Kabeer's definition will be adopted in order to have some simplicity. According to Kabeer (2001), empowerment is “the expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them.” These choices will vary depending on class, time, and space. Moreover, what is observed in empowerment is an improvement in assets and capabilities at individual level and collective level, where people act together to control resources, to make decisions, to influence and hold accountable the institutions which they are affected by (Kabeer, 1999). Individually, empowerment is about protecting and/or improving the position of every person. On the other hand, collective empowerment occurs when people make structures as groups and communities in order to take control of their situation and to make choices. Furthermore, it is important to notice that empowerment is not a single process or outcome; it requires a process of change.

According to Spicker (2007), poor people generally lack power since they lack economic resources and also they lack influence and the capacity that requires social networks. Putting microcredit into their hands is seen as an important factor in poor women's empowerment. First, it increases involvement of women in the business sector activities. Once they established their own microenterprises, they can play more creative and effective role in the business economy (Bateman, 2010). Moreover, the fact that women see it as their own responsibility to manage and repay the microcredit is said to improve confidence among women. However, since women have access to only credit but nothing more, their business activities remain limited. As a result, their profits reduce and they even might end their commercial activity,

which has a reverse effect on their self-esteem and places them in a disadvantaged position.

Second, as discussed during the second chapter, there is a perception that providing poor women with economic resources and allowing them to engage with various income activities lead an improvement in their status and their empowerment, in accordance with Women-in-Development model. The economic power they gain is expected to change traditional gender and social roles (Battliwala and Dhanraj, 2004). According to the observations Yunus have from Grameen's borrowers, women improve their and their families' economic and social circumstances once they earn income through self-employment; for example, they educate their children and they participate in democracy (Yunus, 2003). Money given to women is seen as facilitating women into economic activity and thus transforming power relations at home and within the family (Pearson, 2007). However, it is seen that these observations are partly correct. According to Mayoux (2008), since women's roles in decisions about loan use and whether they use it for their own purposes, or give it to husbands are not always clear, obtaining microcredit does not always guarantee women's control over the use of the money. Usually it is husband or other male family members at home that manages the financial issues (Pitt et al., 2003). Moreover, although women lose control to their male partners of any microloan obtained, they never default on their debts (Goetz and Sen Gupta, 1996). As Lamia Karim (2008) reports, there is growing social violence and public humiliation – as well as domestic violence – committed to ensure high repayment rates, which is also a disempowering practice for women. Furthermore, there might occur a generational aspect of disempowerment. Since they have dual roles as mothers and money-earners, women sometimes need help. As Battliwala and Dhanraj(2004) argue, 'older daughters had to pick up the slack by leaving school in order to perform the domestic subsistence tasks their mothers could no longer do'. Therefore, although the goal is to empower women, the situation of daughters might be ignored and traditional forms of gender subordination might continue.

Third, there may be some psychological aspects of empowerment in microcredit programmes. Women seem to achieve higher social status at home after they begin to earn income (Dalgic, 2009). According to Yunus (2003), this higher status also comes from the fact that an institution has trusted women to give money for the first time. However, it should be recognized that transferring financial resources to women is not always enough for empowerment and welfare enhancement (Mayoux, 2002 and Rahman, 1999a). Srilatha Battliwala and Deepa Dhanraj (2004) illustrate the situation by showing what has happened in the project villages in India. They observed that after a while, men living in these villages become offended and angry. They usually do not appreciate their wives' jobs and increased relations with money and this situation becomes a 'source of humiliation'. Therefore, besides their increased workloads and debts, women now face a growing hostility and even violence from men. As mentioned before, without investigating the details of gender roles, microfinance institutions might be inadequate to achieve the stated goals of female empowerment.

The points discussed above imply that providing women with access to loan might not be enough to empower women since it usually promotes individual empowerment and fails to remember the collective dimension of empowerment, which is dependent on women's environment (Drolet, 2010). Even self-help groups women form while taking credit, which will be discussed below, do not change this situation. As Battliwala and Dhanraj (2004) emphasizes, these groups are a depoliticized type of collective action and they are not threatening existing power relations. Since all women get tired of their responsibilities at work and home, they do not focus their energies to change the conditions they are in. Thus, it is hard to say there occurs an empowerment unless there is a change, as explained in the definition of empowerment. Furthermore, microcredit programmes lack collectivity also in terms of self-employment. That is, by forcing low-skilled women to establish individual enterprises and pursue survivalist individual activities rather than collective production places, they cause labour class to be disempowered, flexible and unorganized (Bateman, 2010). As a result, if we remember that gains in history

such as many public services provided on the basis of need were outcomes of popular and organized struggles, then we might conclude that by promoting self-employment in accordance with neoliberalism, these programs will empower markets, not the poor and women. Actually, women become so disciplined and market-friendly that they will not challenge capitalist order, and this might produce adverse effects in terms of poverty alleviation in the long run.

3.3.3 Group and social capital

Women should form a group of 5-7 people – sometimes called as “self-help group” – in order to get microcredit. Function of these groups is vital for a microcredit institution that do not require a collateral. Before all else, it facilitates the flow of information about borrowers. Since credibility of each client is important for sustainability of the group, according to Dalgıç (2009), staff of microfinance institutions use borrowers’ knowledge of their neighbours to exclude risky applicants, which overcomes a common problem of lenders. For example, before concluding a member’s loan request, the bank staff ask the group whether they should accept this request. Even after she gets the loan, the women still depends on her group. Each borrower should make repayments regularly in order not to prevent her friends from taking the loan one more time. Peer pressure smoothes out the erratic behaviour, makes borrowers more reliable and reduces the work of the bank (Yunus, 2003). Therefore, although there is no formal collateral signed between the bank and women, all women make great efforts to pay the credit back and this is said to create a financial discipline among the borrowers.

However, this peer pressure may produce some unforeseen outcomes. The fact that one’s sustainability in microcredit is dependent upon others woman’s regular payment might deteriorate the relationship among neighbours (Buğra, 2007). Group members may put pressure to woman who fails to pay her weekly repayment and since all group members are already friends and/or relatives, these monetary affairs might adversely affect people’s social status in their village and neighbourhoods.

Another function of group formation is to generate a intergroup and intragroup competition. In the group system, once a week, up to seven or eight groups meet in a village with a bank staff, which is called as “center”. During the center meeting, many women come together and talk about their business and microcredit adventures. According to Yunus (2003), different stories told during these meetings makes people achieve their goals because women may be inspired by their friends’ successes. Moreover, the discussions in the center may produce innovative ideas for the future in order to make failed clients try again.

One of the strongest arguments of the Grameen Bank since its establishment was that it enhanced and extended solidarity in the community through bringing women together in the groups, and so social capital. Social capital, in its very general meaning, refers to connections within the social networks. Through the values of trust, solidarity, kinship etc., it fixes market imperfections resulting from asymmetric information (Dalgıç, 2009). Therefore, by using social capital and local institutions in developing countries, microfinance institutions not only yield economic efficiency and sustainability, but they also are claimed to produce even better social capital. For example, as Yunus (2003) shared, in any case of trouble, all group members try to help each other and facilitate the conditions they are in. According to Bateman (2010), thanks to this interaction between poor people during the meetings, bonds of solidarity in the community are said to be strengthened. However, for many, using such values for commercial activities and inserting money in relations usually reduce local solidarity and trust-based interaction in the community (Leys, 2001). Moreover, according to Rahman (1999b), whatever the repayment rates for the sustainability of the group, microfinance is said to create a huge social pressure upon women, especially on defaulting borrowers. Since successful and defaulting borrowers are dissociated, there never occurs gender or class-based solidarity (Karim, 2008; Hulme and Mosley 1996). Therefore, in contrast to the way it has been portrayed, microcredit is more likely to destroy social capital in the poor communities.

Last, self-help groups have been announced as one of the empowering aspect of microcredit programmes. Since the women meeting routinely share their common

experiences and have the opportunity to learn about outside world, the concept of self-help group and the collective activities carried out in it are reflected as a powerful tool to transform women's lives (Kabeer, 2008 and Pearson, 2007). However, these activities are not so collective that they do not always produce a change in women's and their lives. Batliwala and Dhanraj (2004) explain the situation as:

The self-help group was simply not a powerful enough structure from which to challenge weights and measures or purchase prices, as a cooperative or trade union might have been – particularly since rights awareness and strengthening the capacity for collective struggle were not part of the organizing strategy for such groups.

Therefore, depending on the lack of powerful structures in it, self-help group usually does not pave the way for women to challenge existing power and political structures they are living in. In fact, the design of these groups are more likely to support these structures by keeping women busy with daily experiences (Bateman, 2010).

To summarize, people studying poverty and gender have not come to an agreement when the microcredit is the issue. While some studies have found its positive impacts on women's lives, for example, increased power of women in household decision making (Pitt et al., 2003), many other adopt a skeptical approach. This skepticism comes from the reality that women usually make decision with their husbands at home, not on their own. Therefore, besides the studies showing the number of participants, size of loans and repayment rates, there needs to be new research trying to explore intrahousehold relations and power structures women are surrounded (Vonderlack-Navarro, 2010 and Johnson, 2005). Furthermore, whatever the benefits of the microfinance programmes are, it is certain that women's responsibilities increase through microcredit since they add income-generating jobs to their housework. Therefore, in order to make them manage their coupled tasks and have a promoted self-esteem, there should be social work services such as high quality and affordable education, health services, transport facilities and a healthy environment.

3.4 Conclusion: Microcredit's overall effect on poverty

As mentioned before, Yunus' ideal was a poverty-free world while starting Grameen Bank. Once women were given chance – that is, small loans – they and their family would get rid of poverty, at least its severity might be reduced. The point microfinance institutions have accomplished might be the destruction of the stereotype of the poor as not bankable by forming various lending methodologies and by making a significant amount of social investment for the poor (Mutua, Nataradol, Otero and Chung, 1996). One of the indicators of this changed stereotype and financial discipline of the poor is the repayment rates. According to Yunus (2003), Grameen Bank has been experiencing a repayment rate around 95 percent since its establishment. What he sees in this rate is the fact that women established their businesses, they earn money, meet their children's needs and then pay their loans to the bank. However, the real life seems to be a bit different. Bateman (2010) take our attention to the debt cycle people might get into. As he remarks, despite the success stories applauded in the media, not all women repay their loans since they earn well. On the contrary, client failure is very common in the regions where microcredit programmes are implemented. However, on many occasions, women do not default on their loans and continue to repay them even though their business is ended. The group pressure might be one of the reasons for the sustainability and high levels of repayments. Women try to find other resources to pay their debts and not to imperil their relations with other borrowers in the self help groups. As a result, what is observed is a debt cycle and a deeper poverty, as Bateman claims.

Microcredit programmes are generally seen as protecting people who have been forgotten in terms of economic welfare in the past from poverty in developing countries. However, it is now a common and strong belief that microfinance institutions do not work with the poorest of the poor anymore. Instead, they seem to work with less poor, people living closer or above poverty line, and even with moderately wealthy individuals (Bateman, 2010; Kabeer, 2008 and Navajas *et al*, 2000). This is originated from several characteristics of the poor. As Abosede (2008) argues, they generate low profits in their business depending upon the fact that they

are usually risk averse and do not invest more to protect their subsistence. If they do not invest, there is always a risk that they might not earn enough and pay back the loans. Thus, it is risky to work with such people and the very poor women are excluded. Furthermore, Buğra (2007) argues that Grameen Bank prefers to work with people who are able to work and able to get financial support from their families and friends when needed. That is, the Bank does not work with people with nothing, or poorest of the poor.

In addition to these economic and financial aspects, microcredit is claimed to promote social integration among poor communities and make the poor have a “less lonely and more meaningful” life (Yunus, 2003). Moreover, since the target groups of the microcredit are mainly women, it is utilized as a tool for gender equality in developing countries. However, since programme designers’ focus is on the household level, the micro relations in households are ignored. Considering the fact that usually men benefit from an increase in household income even if they do not contribute, microfinance programmes might have risk in terms of women’s increased responsibilities for development in poorer communities (Mayoux, 2002; Sen and Beneria, 1997). As well as increasing women’s burden, these programmes might also lack empowering aspects. According to Buğra (2007), since women are given just credit but not any vocational support, their microenterprises and products usually remain in a narrow market in which traditional female skills are tried to be sold without going outside the house. As a result, social relations and traditional gender structures that are limiting women are protected.

In spite of different interpretations about the success of microfinance, there is still lack of research conducted on the impacts of it. Grameen Bank and Muhammed Yunus ground their ‘success’ on loan repayments. However, there is not much evidence relating to the number of borrowers exited out of poverty. Kabeer (2008) proposes to implement long-term studies in order to find out and monitor how women’s and their families’ lives changed. Otherwise, they may pay their loans but at the same time they have to work long hours or take another loan. Moreover, Bateman (2010) claims that high level of paybacks found through survey-type

research does not always show the poor escaped poverty and in fact, it is ‘the success of the lender, not the recipient’. Therefore, we can not know the truth – whether there is a change in women’s status – unless the micro relations of power at the local level and within the household are explored (Dalgıç, 2009 and Pearson, 2007).

It is important to note that in order to fight against poverty, there is a need for broader policies to promote pro-poor growth, social development, equitable distribution of resources and democratic participation, as well as providing financial services to the poor (Kabeer, 2008). While trying to afford their needs through income-generating activities, the poor and women should have access to services that facilitate their daily lives. Otherwise, microcredit may only provide a safety net for the poor for their survival without challenging structural barriers in order to exit out of the poverty. Worse, it may function against sustainable poverty reduction. As Bateman (2010) puts forward, in its current design, microfinance hinders other previous efforts to alleviate poverty and unemployment. If not, why are villagers living in Jobra still trapped in poverty and deprivation after many years with access to microcredit?

To sum up, there are many controversies in the microfinance discourse. Although its overall impact to elimination of poverty and to women’s and their families’ lives is not proven, microfinance sector has been widening both in developed and developing countries. As Bateman (2010) claims, microfinance as a bad institution will survive and will be encouraged because this is compatible with the interests of actors that are economically and politically powerful:

The microfinance model that emerged out of the Grameen Bank experience was found valuable by the international development community, among other things, because in even the poorest community it legitimized the simple textbook capitalist wealth-creation mechanism – individual entrepreneurship (Bateman, 2010).

With enough emphasis on this mechanism, in the future the poor could be convinced that entrepreneurship is the only way for them to exit out of poverty and they could pay the burden without any direct financial support coming from governments and international development community. In addition, by accepting poverty as a

financial matter and trying to eliminate it through microcredit, states legitimize their withdrawal from public services like healthcare, education, housing, which are precondition of serving as a welfare state.

In the next chapter, in the light of subjects related to microcredit discussed here, the poor families' meeting with microcredit in Diyarbakir will be analyzed through the outputs obtained during the field research.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 Significance of the Thesis

Since it was invented by Muhammad Yunus in 1970s in Bangladesh, the microcredit has been an important component of the development initiatives in both developing and developed countries. In parallel with the emergence of this tool, there have been many researches about the effectiveness of it and they have provided different point of views about this phenomenon. However, although microcredit projects have become widespread for almost a decade in Turkey, there is very limited research on this issue. Available information is mainly provided by microcredit institutions and they measure the strength of microcredit by using repayment rate and number of borrowers as indicators. Therefore, I believe that this research, by concerning about changes in the lives of microcredit receivers in Diyarbakir, will contribute to the literature with respect to the linkage between microcredit and poverty alleviation.

4.2 Research Field

The research was mainly conducted in Diyarbakir. However, since there were not any academics working in the area of poverty, gender and entrepreneurship in Dicle University, professors from Ankara University, Middle East Technical University and Boğaziçi University were interviewed.

There were various reasons for selecting Diyarbakir as the research locus. First, Diyarbakir was the pilot region of microcredit practices in Turkey. With efforts of Aziz Akgül, a partnership between the Grameen Bank and Turkish Foundation for Waste Reduction began in the name of Turkish Grameen Microcredit Programme (TGMP) in 2003 (TİSVA, 2006).

Second, Southeast Anatolia is one of the poorest region in Turkey (Turkstat, 2010). Moreover, despite its cultural attractiveness, Diyarbakir performs weak socio-economic development due to high rates of forced migration. Therefore, taking into account high poverty rates there, Diyarbakir would provide useful data while studying microcredit and poverty relation.

Last, Diyarbakir is my home town and I lived there until 18. Thus, it is the city of which dynamics I know best and data would be collected easily there. Moreover, since my parents still lives there, appropriate economic conditions were provided for the field research.

4.3 Research Questions

It can be thought that micro credit will continue to be on the agenda in future years. However, to sustain these projects in a suitable environment, the negative and positive sides of micro credit should be examined carefully and necessary adjustments should be made in order to achieve concrete results in fighting against poverty. Moreover, the effects of micro credit have to be measured by dealing with people's experiences as well as repayments and number of borrowers. In this context, this research seeks answers to two main questions:

- What are the impacts of microcredit projects on women living in Diyarbakir?
- What is the role of micro credit in enabling women and their families to get rid of poverty?

4.4 Research Methodology

The research methodology was based on two phases. First, a desk-top review was used. During this phase, a literature review on poverty, gender and microcredit was made in order to construct a framework and a background for the field research. In

this context, previous research, reports, international/national books and related statistics were carefully analyzed.

Second, after examining theoretical understanding, a qualitative research method was conducted. The reason behind the usage of qualitative method was that the evaluation of micro credit projects was mainly based on repayment rate and number of borrowers. In order to get information, semi-structured interview techniques were used¹¹. It is important to state that the aim was not to generalize the findings of the field research, rather the aim was to penetrate deeper into the micro credit practices in Diyarbakir and understand impacts of them on the lives of women.

The in-depth interviews were held with 33 people from three different groups. First, four staffs working in Diyarbakir branch of Turkish Grameen Microcredit Project (TGMP) were consulted. By these interviews, what they think about microcredit and how they design microcredit schemes were tried to be learned. Secondly, 19 women who received (also are receiving) microcredit in Diyarbakir were met in order to have an idea of the ways microcredit affect their lives. Women were selected randomly and some of them were reached by TGMP. Thirdly, Handan Coşkun, Nebahat Akkoç from KAMER Foundation, Naşide Buluttekin from Umut Işığ ı Cooperative, M. Şerif Camcı from Sarmaşık Association for Struggle Against Poverty and Sustainable Deveopment, and Tahir Dadak from Development Centre were consulted to get their observations about micro credit projects in Diyarbakir. Lastly, Şemsa Özar, Fikret Adaman, Fikret Şenses, Gülay Toksöz and Yıldız Ecevit as academics working in the area of poverty, entrepreneurship, and gender were interviewed. While doing so, counter-arguments about micro credit projects and their suggestions in forming other tools for eliminating poverty were tried to be obtained.

¹¹ Interview questions are given in Appendix A.

4.5 Constraints of the Field Research

Since Diyarbakir is the city of which dynamics I know best and there were economic restraints, I limited field research and study area to Diyarbakir. However, in order to get comprehensive results about the effect of micro credit on poverty, such a research should be conducted in all cities that micro credit projects are implemented.

With regard to interviews during the field research, four main problems occurred. First, despite the fact that micro credit projects are very expansive in Diyarbakir, there was a few of NGOs that have words of micro credit. As one of my interviewees said, “all NGOs are trying to overtake the arrears of their work, no one specifically deals with this issue”. Second, since I do not know Kurdish language very well and an interpreter was not always available, there occurred problems while reaching some women or while getting the whole meaning of their sayings. Third, an appointment could not be taken from Aziz Akgül, Head of Turkish Foundation for Waste Reduction. It would be beneficial to speak with him as the starter and the most passionate advocate of micro credit in Diyarbakir. Finally, during the interviews, detailed information on participants’ socioeconomic situation before microcredit could not be obtained. That made it difficult for me to definitely specify these nineteen women as ‘poor’ and to make a before/after comparison with regard to the changes that microcredit brought to their lives while analyzing the data.

CHAPTER 5

IMPLICATIONS OF MICROCREDIT IN WOMEN'S DAILY LIVES IN DIYARBAKIR

5.1 Introduction

The aim of this chapter is to illustrate the experiences of women living in Diyarbakir about microcredit. In this thesis, the purpose is to understand the relationship between poverty and microcredit and, in a broad sense, to determine the ways such development projects affect people's lives.

The assumption of this thesis is that poverty cannot be explained solely by lack of financial resources since it has a multi-dimensional characteristic; that is, it is a combination of various economic, social, political and cultural factors. Therefore, this study tries to explain the ways that microcredit touches to these different aspects of poverty.

Interviews of the research were conducted with four groups of people. The first group consisted of staffs working in Turkish Grameen Microcredit Programme's branches in Diyarbakir; namely, Bağlar, Sur and Kayapınar. Women, who live in Diyarbakir city center and take microcredit, formed the second group of the interviews. The third group interviewed with comprised of non-governmental organization (NGO) representatives working in the fields of gender, poverty and development in Diyarbakir. Last, academics studying gender, development and social policy made up the fourth interview group. The purpose behind such a categorization was to develop a holistic approach through different points of view.

This chapter consists of five parts. First, the profile of Diyarbakir, the city that the research was conducted, will be presented. In this section, economic, political and

social structure of the city will be shared. Second, I will explain how Diyarbakir met with microcredit and main characteristics and implementation of this programme in Diyarbakir. In the third part, findings of the research conducted in Diyarbakir will be shared so that we might have an idea about the reflections of microcredit on women suffering poverty in Diyarbakir. This part, at the same time, covers the views of representatives of NGOs in Diyarbakir and various academics from economics and sociology departments of different universities. Lastly, there will be a summary part.

Next, brief information about Diyarbakir will be provided.

5.2 Profile of Diyarbakir

Diyarbakir is one of the biggest cities in the eastern part of Turkey. According to Address Based Population Registration System, population of the city reached 1.528.958 in 2010. This number is a product of the last few decades. Population growth rate of Diyarbakir has been higher than Turkey after sixties. For instance, between 1960 and 2000, population of Diyarbakir increased by 6.83 times whereas that of Turkey increased by 2.44 times during the same period (Yerel Gündem 21 and Sarmaşık, 2007).

Diyarbakir, in a historical manner, was the commercial, political and cultural center of Southeastern Anatolian Turkey (Gündüz-Hoşgör, 2003). Its ranking with regard to employment capacity was third in 1927 (Yerel Gündem 21 and Sarmaşık, 2007). However, according to recent reports, such attractive features of the city have lost. As expressed in a research conducted by State Planning Institution (2003), Diyarbakir has been back on the list –63rd among 81 – with regard to socio-economic indicators since 2000s. Moreover, industrial production in Diyarbakir ranked 54th among 81 provinces according to same research. This economic problems started after Turkey's national economy was opened to the outside in 1980 (Yerel Gündem 21 and Sarmaşık, 2007). Furthermore, by signing the Close Monitoring agreement with International Monetary Fund, Turkey committed to cancel supporting

mechanisms for rural economy. This decision adversely affected people whose main sources of income were agriculture and livestock breeding.

Industrial investment is also insufficient in Diyarbakir. Production range is generally narrow depending on inadequate infrastructure and lack of local investor (Gündüz-Hoşgör, 2003). Southeastern Anatolian Project, which was initiated in 1977 for regional development, has not meet the expectations completely because of social, economic and political reasons. This development project remained insufficient in creating employment. In addition, current employment practices show us the reality of expanding informal employment. According to Keyman and Lorosdağı (2010), most of the employees hired in Diyarbakir are out of the social security system.

As well as neoliberal policies initiated during 1980s and lack of industrial investment, political turmoil in Southeastern Anatolian Region causes social and economic problems to emerge in Diyarbakir. The city is very popular in terms of political agenda since it has an important role in Turkey's Kurdish Problem. Since 1984, there has been a continuing war between Kurdistan Workers' Party and Turkish Armed Forces, although it is not formally titled by Turkish political and military authorities. This political struggle ended up with forced displacement caused by many "security-oriented measures" of Turkey and actions of PKK. As a result of migration, many villages and fields were burnt down and/or evacuated, many people were imprisoned and tortured since they were suspected to support the PKK, and many settlements faced food embargo (Şengül and Ersoy, 2002; Arı, 2010). All of these destroyed the rural life in the region. Particularly, during 1990s, hundreds of thousand of people were internally displaced in southeastern and eastern provinces of Turkey that were generally Kurdish-populated. Although information from formal and informal resources differs, the numbers might give an idea about the situation took place in these years. According to the report prepared by Migration Commission of Grand National Assembly of Turkey¹², 3428 settlements were evacuated on the

¹² "Doğu ve Güneydoğu Anadolu'da boşaltılan yerleşim birimleri nedeniyle göç eden yurttaşlarımızın sorunlarını araştırarak alınması gereken tedbirlerin tespit edilmesi amacıyla kurulan meclis araştırması komisyonu raporu" 10/25, *T.B.M.M. Tutanak Dergisi* 53 (Dönem 20), June 2, 1998, retrieved from <http://www.tbmm.gov.tr/tutanak/donem20/yil2/bas/b108m.htm>, on 30 November 2011.

grounds of security as of November 1997. However, Immigrants' Association for Social for Social Cooperation and Culture indicated that the number of evacuated settlements was above 4000 and millions of people living in these settlements had to leave their places (GÖÇ-DER, 2002). Among these displaced people, 96% left behind their houses, 93% their arable lands, 97% gardens, 96% agricultural instruments and 83% livestock (Hacettepe University Institute of Population Studies, 2006).

Diyarbakir was one of the destinations in this forced displacement process. Population of Diyarbakir has gone from 350.000 to 1 million after the evacuations in the last twenty years, which corresponds a growth rate of 3.78% (Yerel Gündem 21 and Sarmaşık, 2007; Ayata and Yüksekler, 2005). This rapid population change showed itself in many areas. First, the city infrastructure was not ready for such an influx of migrants that various problems have occurred in terms of employment, urbanization, municipal services and housing (Yerel Gündem 21 and Sarmaşık, 2007). Also, investors became hesitant to make public and private investments because of the conflict environment and political instability of the last three decades. Therefore, employment opportunities in the city contracted and informal sector expanded. Moreover, according to Ayata and Yüksekler (2005), schooling and primary healthcare facilities could not match the rise in population of Diyarbakir.

Second, the sudden departure from villages caused people to experience significant problems in getting into urban life (Yerel Gündem 21 and Sarmaşık, 2007). They stood apart from their living environment, homes, fields and gardens. As a result, they could not feel well in their new environment and were excluded from social and economic life depending on cultural differences (Şengül and Ersoy, 2002). Since they are concentrated in squatter settlements, they have limited access to urban services such as education, health, sports and cultural activities (Yerel Gündem 21 and Sarmaşık, 2007). This situation makes them more disadvantaged than other people living in the city. Furthermore, they could not take their properties with them and could not make any preparation for their move to Diyarbakir (Development Centre, 2006). Because of economic insufficiencies, forcibly displaced people

preferred squatter housing that lacks a healthy environment to live in. As Ayata and Yüksekler (2005) share, with intensification of squatter housing, a rent economy was created and, therefore, people had difficulty to resettle even in these unhealthy neighbourhoods. As Işık and Pınarcıklıoğlu (2003) explain, people subject to forced displacement are the poorest of the poor since they came to the city suddenly and they are out of solidarity network. In addition, since they do not receive State supports depending on political concerns, their efforts to survive in the city become more difficult than that of other poor people in the city (Şengül and Ersoy, 2002).

To sum up, poverty in Diyarbakir is a multi-dimensional issue and contains many factors. Economic and social conditions of the city have been severe with sudden population increase caused by forced displacement and conflict environment and economic programs designed by the government in accordance with recent tendencies in the world economy. Related with the political instability, there is a lack of productive investment and the economy of Diyarbakir and the region do not experience a significant grow (Development Centre, 2006). Accordingly, employment generating sectors remain inadequate and poverty persists among the people living in the region. However, looking at the reports and studies prepared on this issue, it can be seen that central government has not implemented efficient policies in order to cope with the problems of unemployment, poverty, lack of access to housing, health services and education that Diyarbakir has faced for decades (Development Centre, 2006 and Yüksekler, 2007).

Next, before presenting the findings of the research that is conducted in Diyarbakir, process of interviews will be shared.

5.3 Interview process

At first, I visited Diyarbakir office of Turkish Grameen Microcredit Programme in order to make interviews with two branch director and one regional manager¹³. Through these interviews that lasted 30-45 minutes depending on their work loads, I was able to learn the structure and mechanism of microcredit programme.

After staff interviews, I tried to reach women taking microcredit from TGMP. At this stage, I attended center meetings of Bağlar, Sur and Kayapınar branches. This technique was useful since it made women trust me and speak without hesitation. However, in order to sustain objectivity during selection of participants, I also talked with women that I found on my own. In total, there were 19 interviews that lasted 25-40 minutes. The list of participants and their demographic conditions are provided in the next part.

Moreover, I had access to people working in the area of gender and development in Diyarbakir. My interviewees were Tahir Dadak from Development Centre; Naşide Buluttekin from Light of Hope Women, Culture, Environment and Management Cooperative; Nebahat Akkoç from KAMER Foundation; Şerif Camcı from Sarmaşık Association for Struggle against Poverty and Sustainable Development and Handan Coşkun, a women's rights activist in Diyarbakir.

Last, after I returned to Ankara, I visited three academics – namely, Gülay Toksöz, Yıldız Ecevit and Fikret Şenses – that are working with the concepts of development and gender. Also, I went to İstanbul to make 30-minute interviews with Şemsa Özar and Fikret Adaman, one of the writers of the book *Diyarbakir'dan İstanbul'a 500 Milyonluk Umut Hikayeleri: Mikro kredi Maceraları*¹⁴.

Questions of the interviews made with these four groups were designed as semi-structured. In addition, it is important to emphasize that during the field research, my

¹³ Toward the end of thesis process, I made two phone calls in order to make last edit; one was with a staff from TGMP General Directorate office in Ankara and the other was with Aziz Akgül.

¹⁴ Stories of Hope of 500 Millions from Diyarbakir to İstanbul: Microcredit Adventures

aim was neither to generalize outcomes of the research nor to provide representativeness.

5.4 Introducing Participants

5.4.1 Women

The total number of women that the interviews were conducted with was 19. These women were clients of three central branches of Turkish Grameen Microcredit Programme in Diyarbakir. Of these women, 8 were getting microcredit from Bağlar, 3 were getting from Kayapınar and 8 were getting from Sur. The list of participants and their profiles are presented on Table 5.1.

Table 5.1. List of participants and their profiles

No	Name	Number of children	Husband's job	House ownership	Health insurance	Job	Average Income	Years
1	Ayşe	4	Construction	Rented	Greencard	Handiwork	150	2
2	Fatma	8	Partner	Rented	Greencard	Food	2000	5
3	Hayriye	8	Unemployed	Houseowner	Greencard	Textile	1000	7
4	Sultan	8	Retired	Houseowner	SGK	Handiwork	250	5
5	Demet	5	Construction	Rented	Greencard	Handiwork	250	4
6	Arzu	4	Bakery	Houseowner	Greencard	Handiwork	250	5
7	Tahire	8	Unemployed	Houseowner	Greencard	Haberdashery	400	4
8	Hatice	10	Unemployed	Houseowner	Greencard	Kiosk	400	4
9	Fethiye	5	Freelance	Houseowner	Greencard	Tailor	500	7
10	Leyla	3	Unemployed	Rented	Greencard	Hairdresser	600	5
11	Servet	4	Freelance	Rented	Greencard	Handiwork	400	5
12	Zekiye	2	Unemployed	Rented	None	Hairdresser	500	1
13	Gül	-	-	Houseowner	Greencard	Hairdresser	500	1
14	Sevgi	3	Partner	Houseowner	SGK	Peddler	1500	6
15	Hazal	3	Restaurant	Rented	Greencard	For husband	-	1
16	Elif	3	Retired	Rented	SGK	Textile	3000	6
17	Sibel	7	Carrying	Rented	None	Agriculture	subsistence	1
18	Özlem	-	Freelance	Rented	SGK	Underwear store	2000	4
19	Behice	-	-	Houseowner	SGK	For consumption	-	1

Since the emphasis has been on married women from the beginning of the microcredit programme, naturally most of the women were married; that is, only two were single. Moreover, the number of children is five on average and it ranges between zero and ten.

Although we do not have detailed information about their living standards and consumption tendencies in order to determine exactly whether they are under the poverty level or not, still we can have some deduction through their average income and social security situation and their husbands' jobs. First, 7 out of 19 women were earning less than 500 TL in a month through the economic activities they are doing with microcredit. Moreover, six were making an income between 600 TL and 3000 TL. Also, while two women were not engaged in any economic activities through microcredit, one was using the credit for subsistence.

Second, 12 out of 19 women were registered to the social security system as Greencard users and two were not holding any of the tools of the social security. Third, among the husbands of married women, five were unemployed and others were said to be working in jobs that would not generate regular income. Combining this situation with the low levels of income these women earn in a month, it can be said that it is hard to afford all needs of the family. Nevertheless, it is important to note that we still need more certain information in order to assess their situation according to related standards of poverty.

5.4.2 Nongovernmental organizations in Diyarbakir

As mentioned in Section 5.3, five people from four NGOs, which have been working in the area of poverty and gender issues, were interviewed in Diyarbakir. A brief description of these four NGOs are provided below:

5.4.2.1 Development Centre Association

The “Development Centre” is an association that was established in Diyarbakir in 2004 by eleven founding members. It adopted rural development as the main working area. The aims of the Centre are to make researches on the fields of the urban and rural areas more in need of development, to carry out projects of development, to produce repeatable production models suitable for the real conditions of the places, and so to create permanent effects related to the whole society¹⁵.

5.4.2.2 Light of Hope Women, Culture, Environment and Management Cooperative (Umut Işıđı)

This cooperative first started to work as a project of the Foundation for the Support of Women’s Work (KEDV) in 2001. However, in 2004, it was officially and independently established by the women’s rights activists that have been working in various NGOs before. Main beneficiaries of the *Umut Işıđı* are women and children. They provide some awareness raising trainings on various issues that directly affect women’s lives such as reproductive health, family planning and childcare. Furthermore, they had a microcredit experience with KEDV a few years ago.

5.4.2.3 KAMER Foundation

KAMER was founded and has been led by Nebahat Akkoç since 2003. With its 23 branches in Eastern and Southeastern Anatolia Regions, KAMER provides psychological, economic and legal support for women. The foundation works for improvement of the status of women in Turkey by empowering them at local level and by affecting local and national legal mechanisms.

¹⁵From the website of Development Centre: http://www.kalkinmamerkezi.org/tanitim_b.aspx, retrieved in 19.02.2012

5.4.2.4 Sarmaşık Association for Struggle against Poverty and Sustainable Development

Sarmaşık was founded by 32 organizations that have been focusing on poverty and development in Diyarbakır in 2006 as an alternative for traditional approaches in elimination of poverty and as a reaction to ‘charity’ activities. According to Camcı, the aims of the association is to identify the poverty level in the city through field research, to share the findings with the public and build up pressure on local and national governments and other actors in the city in order to encourage them to solve the poverty problem.

5.5 Findings of the research

5.5.1 Microcredit in Turkey

It is possible to see examples of microcredit projects in Turkey that are widely implemented in other countries. Since 2003, microcredit activities accelerated in the country and a draft law on microfinance organizations, *Mikrofinans Kuruluşları Hakkında Kanun Teklifi*, was prepared for the Turkish Grand National Assembly¹⁶ on 23 March 2005. This draft law includes information on establishment, management, operation, liquidation and supervision of microcredit institutions working for financing micro entrepreneurs. However, the draft bill was withdrawn for an unknown reason.

In Turkey, the first microcredit initiative was Maya, which was established by Foundation for the Support of Women’s Work (KEDV) in 2002¹⁷. Actually, the Foundation started to give small amounts of credit to women living in low-income regions of Istanbul between 1995 and 1997. During this period, women succeeded in

¹⁶ <http://www2.tbmm.gov.tr/d22/2/2-0413.pdf> , retrieved on 20.02.2012.

¹⁷ Website of Foundation for the Support of Women’s Work:
<http://www.kedv.org.tr/index.php?page=maya>, retrieved on 20.02.2012.

their jobs, became a part of trade, production and service sectors and paid their credits regularly (Adaman and Bulut, 2007). Therefore, Foundation could get successful results at the end of these two years. However, because of the earthquake happened in August 1999 in Istanbul, microcredit projects of the foundation had to be postponed until 2002.

In 2002, Foundation for the Support of Women's Work established Maya Enterprise for Micro Economic Support. The aim of Maya was to lend small amounts of money to poor women in order to develop their jobs and participate in economic life. It firstly started to distribute microcredit with Kocaeli, one of the most affected provinces during the earthquake. By 31 December 2008, they achieved 1585 active members and total amount of credits is over 7 million TL.

In addition to KEDV, another foundation was engaged with microcredit activities. With partnership of HSBC Bank, Community Volunteers Foundation (TOG) started to give microcredit in Samsun. Their target groups were women that cannot generate income in urban and rural areas and young people graduated from university. These people could take 500 to 700 liras in order to set up an enterprise and/or engage in economic activities. Until January 2009, HSBC and TOG distributed 50,000 USD in three cities¹⁸.

Another popular and widespread microcredit implementing organization is The Foundation for Waste Reduction and it will be detailed in the next section.

5.5.2 Introduction with microcredit in Diyarbakir

As mentioned in the part 4.3, central government in Turkey remained insufficient in trying to eliminate poverty and other social problems deepened as a result of conflict environment in southeastern region. However, in the last couple of years, there have been some efforts in the name of "eliminating poverty" made both by public

¹⁸ Website of HSBC Bank: <http://www.hsbc.com.tr/mikrokredi/hsbcvemikrokredi.asp#6>, retrieved on 20.02.2012.

institutions and by non-governmental organizations. Microcredit might be considered as an example of these efforts.

The Foundation for Waste Reduction and Grameen Trust has jointly implemented a microcredit scheme – Turkish Grameen Microcredit Programme (TGMP)– since 2003 and the pilot region of this scheme was Diyarbakir. In TGMP 2006 Annual Activity Report, The objective of the programme is described as:

The objective of the Program is to provide loans principally to poor women in rural and urban areas in Turkey to support their income generating activities and small businesses as a means to reduce poverty.

Initially, the programme contained one type of credit, namely ‘basic loan’. This is a one year loan through which the members get their first loan in the system. However, as time goes by, needs varied and accordingly, TGMP initiated new types of credit. As learned from the staff working in TGMP, there are five more types of credit within the scope of the programme. First, the flexible (contract) loan is a way to extend repayment period when a borrower have difficulty in weekly payments. Second, for experienced members, microenterprise loan is developed to let experienced borrowers expand their businesses. Third, loan for struggler members are provided to people begging or living in the street. They are not subjected to service charge and time limit for repayment. Fourth, through micro greenhouse, borrowers grow vegetables, fruits and flowers in small places. Fifth, current members that are experienced in cattle farming can take livestock loan as an additional loan. The type of microcredit which is the subject of this study is basic loan.

The design of the programme was nearly the same as the original Grameen Bank scheme of Bangladesh. Women forming groups of five people apply for credit in order to launch microenterprises. There is not any formal collateral but women provide collateral for their group members. During the application process, women have to fill a form in order to give information about their families and living standards¹⁹. When they are accepted to be members, staffs from TGMP visit groups

¹⁹ Application form is provided in Appendix B.

and give a one-week training to women. Their purpose is to be closely acquainted with the women and to identify whether the information they provide in the application form is true or not. After the training, women can take an amount of 100-700 TL for the first year. What is expected from these women is to set a job with this money and start repayments in a week. After 46 weeks of repayments, these women might apply for a new credit with higher amount if needed.

Total debt of microcredit members consists of capital (amount of microcredit they received) and service cost, which is 15% of capital. In fact, at the beginning this amount of 15% was introduced as interest rate. However, since the target group of TGMP was mainly religious women and interest is forbidden by Islam, application rate for microcredit remained low (Adaman and Bulut, 2007). After staff of TGMP changed discourse and interest was replaced with service cost, microcredit started to become widespread among women in Diyarbakir.

Turkish Grameen Microcredit Programme started its work with a strong support of Turkish State. The pioneer of this programme, Aziz Akgül, was deputy of Justice and Development Party between 2002 and 2007. Since Justice and Development Party was in power in the same period, TGMP has been supported by Prime Ministry and worked in cooperation with governorship and Social Assistance and Solidarity Foundation in Diyarbakir. In parallel with this support, the number of women they give credit, the number of cities they are active and the amount of credit have increased (Table 5.2). Staff of TGMP explains this change as;

Communication and coordination between branches are very strong. For example, one member can immediately be transferred to another branch if she moves to another district. In fact, this the most important reason behind the expansion of microcredit.

Table 5.2. Figures of microcredit in Turkey

Years	2004	2005	2006	2007	2008	2009	2010
Number of Branches	-	5	6	9	16	56	65
Number of Staff	-	-	41	60	124	194	210
Number of Microcredit Clients	672	1967	3885	6925	15369	28314	40467
Total Amount of Microcredit	364.878 TL	1.437.553 TL	4.998.936 TL	9.580.336 TL	20.008.555 TL	41.175.378 TL	74.122.621 TL

Sources: Turkish Grameen Microcredit Programme 2006 and 2010 Annual Activity Reports²⁰

The main and sub-sectoral distribution of jobs these women are doing varies. As regional manager of Diyarbakir explains, women mostly use microcredit in order to do handiwork. Other working areas are catering, tailoring and hairdressing. Furthermore, among the borrowers living in the villages, many grow vegetables and deal with cattle breeding. In the main sectoral distribution, operations and production come first with a rate of 40%. Then, two other bigger shares, stores (24%) and business and trade activities (20%) are followed by animal breeding (6.5%), services (4%), itinerant trade (3%) and agriculture (1.5%)²¹.

By 2011 December, total amount of microcredit distributed to women has increased to 119.706.578 TL. From that amount, 36.357.334 TL was distributed to microcredit borrowers living in Diyarbakir. Moreover, number of clients in Diyarbakir is 6510, which corresponds to 14,8% of total borrowers in Turkey. Such a concentration of microcredit in Diyarbakir is explained by both economic and political motivations. As provided in the above part, poverty in Diyarbakir has deepened in the process of

²⁰ Retrieved from <http://www.tgmp.net/eskisayfa/dowland/FaaliyetRaporu-AnnualReport2006.pdf> and http://www.tgmp.net/eskisayfa/dowland/Yillik/yillik_faaliyet/2010faaliyetraporu.pdf, on 30 November 2011.

²¹ This data was obtained from TGMP General Directorate.

forced displacement resulted from conflict environment. Moreover, since investors are reluctant to do business, employment opportunities for residents of Diyarbakir are limited. Therefore, in accordance with global tendency toward individual entrepreneurship as a solution for insufficiency of the economy to create employment, authorities in Turkey might decide to support microcredit programmes in order to alleviate poverty. Beside this, the fact that the president of the Foundation for Waste Reduction was deputy of Justice and Development Party in Diyarbakir associates microcredit with political reasons since Diyarbakir, as a city with mostly Kurdish population, is a place where Justice and Development Party has difficulty in getting votes in local and general elections. This issue will be detailed within next part.

5.5.3 Reflections of microcredit on women's lives

In this section, reflections of microcredit on women's lives will be analyzed through different subtopics: Empowerment, repayments, intended use and economic returns of microcredit.

5.5.3.1 Empowerment

As stated in previous chapter, microcredit and empowerment are seen as closely related concepts in the discourse. From the beginning, microcredit has been seen a tool for empowerment of poor people – particularly, poor women. Basically, microcredit schemes have been regarded as contributing to empowerment of women through increasing their access to factors of production (credit) and increasing participation in political processes (UN,1997). This empowerment effect of microcredit will be examined under headings of trainings, group meetings, collectivity, self-confidence, decision making and control on the money, and gender relations.

5.5.3.1.1 Trainings

When women are accepted as members in the microcredit system, they receive a one-week training before they get the credit. During the training, staff has chance to

know more about group members. Moreover, women are expected to learn some basic principles of Turkish Grameen Microcredit Programme and “10 Decisions of Microcredit”, which are as following:

- 1) We will follow and improve 4 principles of Turkish Grameen Microcredit Programme: Discipline, Unity, Courage and Hard work.
- 2) We will raise welfare level of our families through working efficiently.
- 3) We will keep our families small and minimize our expenditures. We will look after our and our families' health.
- 4) We will educate our children and earn to pay for their education.
- 5) Without wasting our resources, we will do landless agriculture throughout the year, if possible. We will grow vegetables, eat plenty of them and sell the surplus.
- 6) We will always be ready to help each other. If anyone is in trouble, we will all help her.
- 7) If there is an immorality and breach of discipline in any microcredit centre, we will all go there and help restore discipline.
- 8) We will not be unfair to anyone, neither will we allow anyone to do so.
- 9) We will always keep our children and the environment clean. We will not live in dilapidated houses. We will try to have inhabitable houses at the earliest.
- 10) We will always look for ways to improve our business. We will leave our fears and concerns.

According to branch directors and regional manager I talked in Diyarbakir, this training make women believe in their job. Women are getting motivated for microcredit with such a ritual and understand the seriousness of the programme. Also, it is claimed that through adapting these decisions, women transform their lives and get empowered, at the end. That is why TGMP is strict on this issue.

However, among my interviewees, there was one woman who has not received this one-week training:

I've been involved in the group later. When I applied for microcredit, they took me to a group that has missing members. Some of friends mentioned about ten decisions but I don't know because I haven't received training [Hazal, 28, 3 children, for husband's job].

Also, Behice objects to attributing such a meaning to this training:

They organized a meeting for a week and introduced group members. They were calling it as "training" but there was not anything about training. They come, sit and told us that we trusted ourselves and contributed to our families in economic manner [Behice, 27, handiwork].

Besides the importance of this training in motivating women for microcredit, I think 10 decisions are also important to establish a perception of poverty among people. When these decisions are analyzed, it will be seen that elimination of poverty and having better living standards are in people's own hands. More importantly, women, but not men, are tried to be carry all the burden of poverty on their own and the only responsible for escaping poverty. For example, nearly in all decisions, poverty is introduced as a personal issue that can be eliminated through hard work. However, when different explanations of poverty were listed in Chapter 2, poverty was defined as a multi-dimensional phenomenon. Among these dimensions, structural reasons occupy an important place. In particular, if we talk about poverty in Diyarbakir, where economic policies and extensions of Kurdish problem triggered poverty, these structural factors should be taken into account as well as trying to find personal solutions to the problem.

5.5.3.1.2 Group meetings

Six or seven microcredit groups come together in center meetings and these meetings take place in house of different members each week. TGMP has created its own ritual through these meetings. When all women and staff come, they stand up as a circle and leader of the center starts the meeting. Then, everyone sits in the circle and money exchange begins. After all members pay their debts, everyone again stands

up, raises right hands and shouts: “Discipline, Unity, Courage! We will bring prosperity to our families!”

Shared in previous chapter, group meetings are seen as a significant way of empowerment since there occurs interaction between women. Also, groups are considered as platforms for enhancing social capital. One of the decisions listed above, Decision 6 requires members to help each other when there is a trouble. Therefore, being a group member is expected to provide women a kind of security feeling and solidarity. As Bağlar Branch Director states;

Women in the groups become a family. They may be friends or even relatives through marriages between members’ families. When one member is in debt, others may pay together. As such, there occurs a culture of help.

Some of the women I’ve talked share these views. They believe these meetings were useful in terms of social life:

We sometimes visit our friends’ homes, have a talk and socialize. We try to improve our families when we meet new people. For instance, I used to have problems with my step daughter. But when I took her to friends’ houses, they talked to her and as a result, she started to show more respect to me [Servet, 26, 4 children, handiwork].

Sevgi, 43 years old, peddler, and mother of 3 children states that;

Group meetings are going well; it is good to know new people. I am stranger to Diyarbakir; I moved later when I got married. Therefore, microcredit helped me to meet with new people.

Elif, 58 years old, textile, and mother of 3 children says that;

I am pleased with weekly group meetings. We know new people and share new experiences. Everyone knows each other. We are like a family; we can share all of our troubles with friends. Also, group members sometimes find customers or jobs for their friends. Paying someone’s installments is also a good thing since it means sharing and solidarity.

On the other hand, the feeling of sharing Elif states might not occur in every group in the same way. Monetary affairs might negatively affect personal relations among neighbors:

When one of the group members needs money, we all collect and give to her. Once, I could not make my repayment and I asked to my group but no one lent me money. Believe me; I left the meeting in tears. Staff wanted me to bring money to the foundation until 2 pm, I found from my neighbor with difficulty. Ever since that time I neither borrow nor lend money to someone [Hatice, 45, 10 Children, kiosk].

As staff indicates, Turkish Grameen Microcredit Programme is very strict about attendance in center meetings. They warn members who do not participate in meetings regularly. However, this obligation may bother some women. Some think that it creates an extra burden for women since the only thing that is done during the meeting is money exchange. Also, since members of the group are already neighbours, they can see each other out of meetings.

How can I leave my stand in the Microcredit Bazaar and go to the meeting? Sometimes my daughter participates. How can I go during the sales in the Bazaar? We have already not seen its benefits; we only go, pay the money and leave [Arzu, 40, 4 children, handiwork].

Özlem, 35 years old, owner of an underwear store thinks that it does not always worth to money women give as repayment:

Weekly meetings might sometimes bother people. It may be once a month, like in the banking system. Look, some women pay little; around 12 Turkish Liras. They might get tired of bringing 12 liras every week. You have already taken a small amount. We have to go out every week since we own our shops but I can see how difficult it is for housewives.

Also, she did not socialize as expected:

I do not stay too long in the group meetings; I only make my repayments and then leave. I get bored there. People sometimes share something of their lives but I don't like such a behavior. If there is a friend, you can tell but why do you tell everything to a stranger? Therefore, I become a stranger in these meetings. Of course, there occurs an acquaintanceship since you see these women every week and you say hello if you see them on the road [Özlem, 35, underwear store].

Besides, I noticed a detail during the center meetings I've participated. The above-mentioned slogan "Discipline, Unity, Courage! We will bring prosperity to our families!" is pronounced in Turkish during the meetings. However, it is a known fact that microcredit borrowers in Diyarbakir come from Kurdish population and many of the women have difficulty in speaking in Turkish. When it is asked "Does not it

constrain you?” their respond is usually as “What can we do? We do not understand completely but we try to pronounce”. Naşide Buluttekin from Light of Hope Women, Culture, Environment and Management Cooperative voices the problem:

For example, in the meetings...they forcibly make women stand, hold their right fist and shout. In addition, majority of the women living in Diyarbakir speaks in Kurdish. However, they shout slogans in Turkish, no matter they know the meaning. Isn't it a different kind of violence?

Therefore, forcing women to speak in Turkish, which is other than their mother language, might distress them and the result might be disempowerment, rather than empowerment.

5.5.3.1.3 Collectivity

In Kabeer's definition of empowerment, collective dimension of empowerment constitutes an important part. Many comments on microcredit include a view that microcredit lacks this collective characteristic of empowerment through making women establish individual enterprises (Bateman, 2010). Although forming a self-help group contains a collective capacity, these groups are limited to function as collateral and a security for repayments. It was realized that there is a distinction between women working at home and women working outside. There was a 'hierarchy' among these two groups and this situation might prevent a habit of acting together in order to transform power relations around their lives.

Moreover, since women work long hours to fulfill their duties both at home and at work, they usually do not have time to deal with their social environment and capacity:

I work in the kiosk from 6 o'clock in the morning to 6 o'clock in the evening. All children go to school; therefore, I have to do all tasks at home. I do not have time to do something else! I see neighbors on my way to kiosk or to home, or I can see them when they stop by the kiosk. Do we have time for visit or anything else? [Hatice, 45, 10 children, kiosk]

Daily working hours are not clear for women working at home. They work whenever they have spare time. Ayşe knows this difficulty but it is the only alternative for her:

I do not have any specific working hours. I try to work in any of my spare time in order to complete all tasks. I spend all the time by housework, children and handiwork but I did not prefer to work outside home; I could not take risk [Ayşe, 34, 4, handiwork].

I am pleasant with the credit but I feel very exhausted. I become very tired while dealing with house, job and children. I have no strength left to talk with neither friends nor children at home [Leyla, 38, 3 children, hairdresser].

Servet, 26 years old, doing handiwork, mother of 4 children summarizes her one day and current situation;

My one day goes as follows: I do housework between 8 and 10 o'clock in the morning. From 10 am and 3 am, I try to do all orders of handiwork. Of course, during the day the kids come from school and I prepare food for them. I get very tired but I have children and I have a life to live. Ok, I bring money to the home but I am exhausted of working for years. I can say that I am tired of catching up with everywhere [Servet, 26, 4 children, handiwork].

Turkish Grameen Microcredit Programme and Governorship of Diyarbakir opened a Microcredit Bazaar in 2007 at Dağkapı Square. Governorship allocated a touristic place for microcredit borrowers to sell their hand-made products. This is a fixed bazaar located in a part of city walls. In the bazaar, 8 women works as seller but in fact, there are more women sending their products for sale. This microcredit bazaar can be an opportunity for a collective practice in terms of collective sale and bringing women together. However, there are problems about operating costs of the bazaar. As Sultan shares;

They put workplace electric meter. Therefore, we pay very high electric bills. However, women who send their handiwork products to be sold in the Bazaar but cannot gain so much money do not want to pay these bills. And when they do not pay, we fight [Sultan, 50, 8 children, handiwork].

Professor Gülay Toksöz from Ankara University says that she prefers 'cooperative type of organization' in order to make women gain a sense of collectivity and empowerment and to prevent the exploitative, unsecured and uninsured nature of self-employment. However, she is aware of cooperatives' own problems:

In Turkey, individualist approach is stronger at this point. Women might not want to share others' burden when people do not provide equal labour and support.

5.5.3.1.4 Self-confidence

Access to microcredit is assumed to have a positive effect on women's self-confidence. As expressed in a draft paper written by Susy Cheston and Lisa Kuhn for Microcredit Summit Campaign²², the economic empowerment women obtain through microcredit and independent income will 'generate increased self-esteem, respect, and other forms of empowerment for women beneficiaries'. This view appears in regional manager's words:

We observe a significant change in women who get credit. Primarily, their self-confidence increases. They can afford their families' and children's expenses with the money they earn through microcredit. The women, who felt embarrassed and could not go outside before, can now give money to her relatives. The women gain respect in the society. She provides her husband with pocket money and plans every aspect of the house. Before, woman and man could not sit in the same table and speak during the meals but now she is respected by her husband. Also, we encourage people for production and make them believe that they will success. This also makes them be sure of themselves.

Ayşe, 34 years old, doing handiwork and mother of four children confirms:

Before microcredit, I was asking for money to my husband every morning but now I earn myself. I do not beg for anyone; my self-confidence increased. My husband sometimes asks for money; even some of my friends borrow from me. This makes me happy, of course.

Women get happy when they see the change in their lives. They enjoy the feeling that they have a role in this change. As Hayriye says;

No one at home was working; there was nothing to eat at home. I was sending my daughters to vegetable market and they were bringing pepper, eggplants and tomatoes that they found from the garbage. I was cooking these vegetables with the oil I borrowed from my neighbors. We were having nothing; my husband's family also did not help us. Now I can meet my children's needs and demands. Is there anything that makes me happy more? [Hayriye, 47, 8 children, textile]

²² Empowering Women Through Microfinance, retrieved from <http://www.microcreditsummit.org/papers/empowerment.pdf>, on 27 November 2011.

While acknowledging this change, there is a ‘sense of thankfulness’ that prevents women to feel comfortable and confident about their jobs. That is, sometimes missing the fact that microcredit is already a type of credit and they repay this amount with interest, women have an excessive thankfulness to TGMP and staff. Behice, 27 years old, doing handiwork, is aware of this feeling and reacts;

You know, our people never forget a favor, even when you give them just a lira. Therefore, they always smile at your face. Women may be afraid of the staff and may think “if we respond, they may not give us credit again”. If they were aware of the fact that TGMP was earning money thanks to us, they would respond and seek their rights. I was feeling upset when I saw such things.

As she says, this sense of thankfulness dominates center meetings and creates a hierarchy and tension between staff and female borrowers:

Staffs of the foundation were scolding even the women that are older than them during the meetings. However, a person should respect to older people no matter they are poor or beggar. They were behaving women as children; I think this is impoliteness. How can they scold me? They were not lending this money as a favor; rather, they were taking interest. How dare you scold women in the age of your mother or grandmother?

Naşide Buluttekin also witnessed such a hierarchy during the meetings she participated as observer. According to her, women feel humiliated in the face of such a behaviour and become obedient for very little amount of money.

To sum up, women generally experience an increase in self-confidence when they have access to economic resources. They feel stronger since they have opportunity to contribute their families’ livelihood and meet their children’s needs. However, it is a known fact that having economic independence within household is not sufficient for women to enjoy their new status. In fact, as dates of membership of interviewees show, instead of being dependent on male members of their families, they now depend on microcredit system. They do not borrow from friends or relatives but they have to take credit for longer years in order to sustain their jobs. Also, such a necessity for the microcredit system might be one of the factors causing the above-mentioned hierarchy and the lack of confidence.

5.5.3.1.5 Decision making and control on the money

In studies on microcredit, it is usually argued that when women start to engage with economic activities and contribute to family income, they begin to have a higher status within household and participate in decision-making processes at home (Cheston and Kuhn, 2002). During the field research conducted in Diyarbakir, I come up with this finding partially. Women's participation in decision making process occurs up to a point. They generally say their words for 'lighter' issues such as needs of children or shopping for home. However, the last word is husband's if the case is comprehensive issues that affect all family.

My family shows me more respect at home. I got microcredit for my husband's job. However, it is my husband who gives decisions in the family; he always keeps the final words [Hazal, 28, 3 children, not working].

Moreover, besides having access to economic resources, it is the control over these resources that brings women's empowerment. Among my respondents, many women had the control over the credit and income they earned. However, this was not a result of transformed relations between men and women. Since male income-earners do not share his income with children and wife, women were doing handiwork or other 'small' works to meet children's needs. Also, since the income they earned is regarded as 'additional contribution' to family budget and is so small to share, women feel no obligation to give the money to their partners and they control the microcredit.

Do we earn money that is enough for saving? How much do I earn? So, how can I give money to my husband? I only buy foods by the earnings of the Bazaar, if there remains any amount, and then I give pocket money to my children for school [Sultan, 50, 8 children, handiwork].

I spend my income for me and for the expenses of the house. I never give money to my husband. He doesn't give us money; that is why I have to work. Do I give my little income to him? (Fethiye, 45, 5 children, tailor)

5.5.3.1.6 Change in gender relations

According to Johnson (2005), in order to evaluate microcredit practices in terms of empowerment, people should focus on whether there is a change in gender relations

because empowerment is a concept that is embedded in gender relations between two sexes. Microcredit practitioners frequently claims that microcredit gradually cause a transformation in relationship between men and women. When women hold money in their hands, they will experience a rise in status at home and this will eventually affect gender perception of the society. However, it is clear that doing income generating activities and supplementing household expenses might not be sufficient for such a change.

Turkish Grameen Microcredit Programme staff is sure about a transformation in gender relations. They believe that in the last eight years that has passes with microcredit, there occurred a substantial change in women's lives. 'Women now talk, express themselves and stand next to men in a strong way'.

One of the main criticisms to microcredit is that such programmes reproduce gender division of labor. In other words, with such a small amount of money they take from TGMP, women generally engage in activities which are already attributed to womankind and have lower returns (Buğra, 2007). By sustaining traditional roles, microcredit might pose an obstacle for empowerment of women. In order to remove such an obstacle, many believe that borrowers should learn new skills and enter the markets in which men are dominant. However, Muhammad Yunus (2003), the pioneer of microcredit, objects to this call for training for women. He believes that poverty women are living in is so urgent that they cannot waste time for teaching new skills. The problem is that poor lacks economic resources, not they are untrained or illiterate.

Staff of TGMP I talked to in Diyarbakir seems to adopt these views of Yunus:

All women living in this region know doing handiwork. Of course they will start with a job that they know, how can we expect the opposite? In addition, people criticizing this situation do not see the reality. For example, we all have handiwork in our dowries; that is, it is a common product to be sold in this region. People, in the neighborhoods of women who take microcredit, are still depending on customs and traditions. There is a need to buy dowry for young women in all families.

One of the clients doing handiwork says;

I did not think anything else other than doing handiwork because I only know this since my childhood. Why do I do any jobs that I am not familiar with? [Ayşe, 34, 4 children, handiwork]

While agreeing with Ayşe's words about knowledge of jobs, I think opportunities and alternatives of women should be widened. According to Şengül and Ersoy (2002), structural limitations as well as current cultural values play an important role in limitation of women's lives in domestic production. That is, women are not equipped enough to participate in working life outside home. Since there is not any alternative provided for women - such as vocational training, they automatically prefer jobs that are regarded as reproducing gender roles. Also, the fact that repayments should begin in a week is another factor that causes such a preference. By choosing handiwork to do with microcredit, women choose to be at home, which constrains them to participate in social life and causes traditional male domination to persist. Generally, working outside home is important in building gender awareness among people because, as observed during the field research, even women themselves can describe them as "not-working" and ignore their contribution to household expenses.

According to Nebahat Akkoç, "since the design of microcredit does not have a concern for gender sensitivity, it will never contribute to even individual empowerment of women". For example, a woman should have her husband or father sign the application form that is submitted to TGMP. As staff explains, this is a procedure that is required to be sure that other family members know woman is taking credit. In other words, woman can take microcredit as long as her husband or father allows, which brings the discussion of "head of the family" into the agenda. Besides, as Adaman and Bulut (2007) share, at the beginning of the programme only married women were accepted as clients. The main motivation behind this decision was ensuring repayments. Single women were considered as 'guest' since it was possible for them to get married one day. When they married, they could disrupt payments. However, fortunately, this rule has been eased for a couple of years. Unmarried women now apply to TGMP and get microcredit, but not all. They should have reference from their neighbours that they will work and repay the loans.

Moreover, there is a serious concern of instrumentalization of women in development projects implemented in Diyarbakir, which is closely related with political identity of the city. As mentioned in part 4.4.1, Aziz Akgül was one of the deputies of Justice and Development Party (AKP) in Diyarbakir. There were many doubts on the ground that this microcredit programme was a tool for AKP to gain votes in Diyarbakir. As Buğra (2007) says, microcredit in Diyarbakir was one of the responses of the government to political concerns, rather than a development project of a non-governmental organization aiming at poor women. Moreover, one of the interviewees, Şerif Camcı from Sarmaşık Association for Struggle against Poverty and Sustainable Development, is sure about political instrumentalization of women:

We are sure that the government uses microcredit as a tool in order to form potential voters. We did not conduct a specific search but it is obviously seen that mukhtars in Bismil has prepared a list and also customers have not meet the criteria. Although it requires a detailed research, we have such hearsays and observations. Also, families that are among our beneficiaries sometimes apply but cannot take microcredit.

This might prove Battliwala and Dhanraj's (2004) view that women are politically imagined as loyal voters in societies. Handan Coşkun, sharing the concerns of Camcı, adds her belief that this microcredit programme would be more reliable if it was implemented by a independent NGO rather than a foundation that was led by a deputy of the party in power.

5.5.3.2 Repayments

All microcredit clients are expected to pay the loan back in a period of 46 weeks. These payments contain a 15% interest rate that is called 'service charge', which is above the interest rates of bank loans. Such a high rate is explained with high-cost nature of the programme. Fikret Adaman, from Boğaziçi University, describes TGMP system as inefficient. For him, collecting repayments by staff from each group produces significant transaction costs. Therefore, high interest rate is a requirement for the programme in order to supply itself.

In reports of TGMP, it is understood that despite high service charge, repayment rates are generally around hundred percent. There is an informal and hidden contract

between TGMP and borrowers, which is explained by TGMP as ‘trust relationship’. Nearly all clients are paying their debt regardless that they have success in their jobs:

I have never hindered credit repayments. They are definitely paid but other debts may wait. [Fatma, 37, 8 children, food].

We pay the money at all events; everyone knows this rule [Hayriye, 47, 8 children, textile].

Therefore, microcredit repayment is never disrupted. This does not always mean that women have money to meet the payments. In fact, in one of the center meetings, a member could not bring enough money with her and group members could not put together the money. Then, the member borrowed from another neighbor since TGMP staff did not end the meeting until she got the money. As Behice, 27 years old, doing handiwork states, this was a ritual in center meetings:

Everyone paid her repayment in the meeting. You have to pay regardless of whether you have money or not. For example, we have 3000 TL of water bill. We cannot pay that debt but I could give microcredit back every week. The staff come and sits; they do not leave the house until you pay the money... Sometimes we did not have money but you necessarily have to find. They were saying “you need to bring” if you have missing 10 *kuruş* (pennies).

Lamia Karim (2008) shared cases of social violence and public humiliation practiced in order to ensure repayment rates of Grameen Bank on high levels. Although the case in Diyarbakir was not exactly the same with Karim’s claim, the attitudes of TGMP staff might create psychological pressure on women.

One of the criticisms about the repayments was the fact that schedule was short. Women should start paying the loans in a week. Tahir Dadak, from Development Centre, thinks the problem was about implementing the same program with Grameen Bank.

Credit cycle is very short; women also complain about this issue. Conditions in Turkey are not same as Bangladesh. In Bangladesh, woman goes and buys fish from the market; she brings that fish to another market and sells it with a higher price. That is, she can fulfill the cycle. Also, that cycle fastens in connection with the poverty level in that country. However, Turkey is not as

poor as Bangladesh. Amount of microcredit is said to be around 20 US dollars. On the other hand, women start microcredit with nearly 500 dollars.

Nonetheless, Aziz Akgül believes that this payment schedule disciplines the borrowers. A 46-week payment with small amounts would not bother women very much but they will be aware of that they had to work harder to meet the weekly payments, which will sooner or later take people out of poverty.

Moreover, microcredit institutions around the world – including Turkish Grameen Microcredit Programme – use the information about repayment rates as the main indicator of success. According to them, if they have a 95-100% of return rates, this should imply that microcredit is successful in making women work and women can pay their debts. However, this situation might not always be about success but a result of relationship between group members. Since women start microcredit as a group and guarantee each other, they usually try to make payments regularly not to break their relationships with neighbours and not to endanger the subsequent loan. Therefore, as mentioned above, they even borrow from another source to make this payment.

5.5.3.3 Intended use and economic returns of microcredit

Microcredit clients around the world generally consider that credit is useful in simple consumption smoothing (Bateman, 2010). Similarly, although TGMP staff rejects, since its beginning in Diyarbakir, there have been many cases that microcredit was used for the purpose of consumption such as fixing house, paying debts, wedding expenses, rather than setting a microenterprise.

For example, Behice applied for microcredit in order to pay her telephone bill:

I drew credit by saying that I will do handiwork. O ara telefon borcum vardı, o 500 lirayı oraya yatırdım. Borcumu ödedim ama el işi yapıp da satmadım hiç. Kredi parasıyla çalışmadım. Kredi verenler bilmiyordu. İş kontrolü yapacaklar diye duydum ama ben görmedim bunu [Behice, 27, handiwork].

Arzu, 40 years old, mother of 4 children, doing handiwork, gets credit more than her need:

Latest, I drew 2500 TL. I do not need big amounts of money in order to do handiwork. I drew more than I need but I spend less than half for my work. We pay our debts with the rest.

However, according to Fikret Şenses, this is a normal situation if poverty is the case. Since poverty also implies a lack of income when required, microcredit might help even when it is used for urgent needs. However, Şenses states that the discussion should be about mitigating or alleviating poverty, not about eliminating it. That is, microcredit might not have an impact on people's poverty in the long run, rather it might alleviate poverty in the short run since it makes possible for the poor to borrow money when they are in need.

Hernando de Soto(1989) claims that microcredit can release the heroic entrepreneur that lies within all people. However, Şemsa Özar from Boğaziçi University rejects such an existence of an entrepreneurial spirit within us all. Some people may like to produce and sell different things or to do different jobs while others lack such an ambition. Moreover, she believes that everyone cannot be an entrepreneur and women and men might show different characteristics depending on gender values in the society:

There is a distinction between man and woman in terms of entrepreneurship. If we look at men, we see that they are always supported by their families; for instance, mothers sell their jewelries. None of the women can receive such a support in their families. If she says "mum, I will start up a boutique", then her mother replies "stay where you are; marry someone and look after your children. Setting up a store is not for you". Besides, think about the situation that woman failed. She will remain under pressure more than ever. The family will accuse her of spending and finishing all the money. If man fails, the family still support and say "There was crisis; that is why things did not work. We will help more that he sets up another job". Under these conditions, we cannot expect these women to be successful; it is really hard.

Moreover, when women get credit to work, they rarely begin from zero point.

Both I and my daughter get microcredit. First, I took 500 TL, bought a sewing machine and started to work at home. After a while, my daughter also applied for credit and we together set up a store in which we produce and sell textile. Latest, we took 6500 TL and tried to expand our store [Elif, 58, 3 children, textile].

Many of them invest the credit to purchase more in their current enterprises or to expand their jobs. Özlem, 35 years old, owner of an underwear store is aware of the limitations women in Diyarbakir have in terms of educational and vocational background:

Microcredit only facilitates my goods purchase. As a matter of fact, it is not an application that paves the way for improving our work. People usually take the credit in order to pay their debts. Then, they repay this credit through installments. Some pay electric, others pay water bills. What can these women with a credit of 500 TL although they have not worked in their lives and they have no capabilities, connections and support? [Özlem, 35, underwear store]

Through the small amount of credit they get, women usually engage in low-profit economic activities that can be implemented within their neighbourhood. Therefore, since their target group for sales is so narrow that it is comprised of other low-income people, it becomes difficult for them to have a substantial change in their living standards. Additionally, as Şerif Camcı claims, it is hard to believe that microcredit will work in societies in which capitalist mode of production is dominant. In other words, in such an environment that local shopping centers lose in front of large-scale shopping malls, a small grocery store opened with a microcredit of 1000 TL in a neighbourhood cannot survive for long.

Nevertheless, when women are asked ‘How much do you earn?’, the answer is mostly ‘Ok, not too bad’:

We do not have a regular income. Most of the days, we earn only five or seven liras. We rarely earn 10 or 15 liras in a day. However, it is still good for us to gain money that is enough to buy bread. [Sultan, 50, 8 children, handiwork].

So, if women do not gain too much, why do they not complain about microcredit? At this point, Sen’s explanations on poverty might help us to understand this state of mind. According to Sen (1985), a poor person’s happiness might be the result of continuing deprivation. When people suffer from perpetual deprivation of a better quality of life, they might accept their current situation and be satisfied from small things to avoid disappointment. In other words, women can be happy when they compare their conditions before and after the microcredit.

Furthermore, Roy et al. (2008b) links this feeling of happiness to poverty absorption capacity of individuals, which is higher when the gap between poverty line of a country and its citizens widens. In concrete terms, when poor people are not provided with and they are unaware of better social and economic alternatives, they might be pleased with their current conditions. In Diyarbakir, we can see such a lack of alternative. Microcredit is usually presented as an only alternative for the poor. Related to this subject, Fikret Adaman says:

Women continue to take this credit because otherwise they would be deprived of an additional income, even if this amount is too low for us. The main problem is the fact that it is presented as the sole tool for getting rid of poverty by the authorities.

The approach of TGMP to poverty alleviation is that poverty cannot be overcome through grants; the poor should work a lot in order to get out of poverty. Moreover, with its inclusion in IX Development Plan, it can be considered as a widespread tool for poverty to be implemented by the government, which might explain the close relationship between TGMP and public institutions.

While the argument of Aziz Akgül and TGMP is taking people out of poverty, there is not certain data recorded about their previous and current conditions. In the application form, working status of family members and property ownership are asked to women. Programme's condition for admission is not to have a land more than ten acres. According to Yıldız Ecevit, in a well-structured credit system that is designed for poverty alleviation, our focus should be on really poor people. However, there are examples in which non-poor women are entitled to microcredit. For example, during the field research, I learned TGMP have clients that are living in better neighborhoods of Diyarbakir. Moreover, since the indicator of success is repayment rate, it is difficult to be sure about the changes in women's socio-economic situation. Also, the turnover – i.e., exit – rates are not recorded. Therefore, the number of women exited from the system and the reasons behind their exits are not clear.

Whenever women are asked, besides enjoying their new situation with microcredit, they want something other than microcredit. What they wish to have are secured and

formal employment provided to them and other family members, or at least to have access to credits with lower interest rates and longer payment schemes.

5.6 Summary

Interviewed microcredit clients have described different aspects of microcredit in their lives. Their housing conditions, educational and vocational backgrounds are insufficient. Most of them live in squatter houses in Diyarbakir city center. Related with their socio-economic levels, they do not participate in social and political activities in the city.

In terms of empowerment, it can be said that women experience partial empowerment. That is, while they state their increased self-confidence with access to microcredit, the collective dimension of empowerment is ignored. Moreover, such an individual empowerment does not provide women with a transformative power; rather, it just provides them with strategies in order to *cope with* the problems they are facing in their daily lives. However, as Yakın Ertürk (2010) stated, there is a need for *empowerment to change* in order to transcend existing unequal gender structures and this transformative empowerment can come out by organized women groups²³. Self-help groups are not sufficient to form a collective dimension. Group collateral and unmet weekly payments sometimes affect relationship among women. Moreover, increased workloads of women bother women in terms of participation in social life since they now have to do their both familial and job responsibilities. This is also related with dominant gender values in society. Since microcredit institutions do not usually success in transformation of gender relations, engaging in economic activities credit adds one more responsibility to women. Furthermore, since women's

²³ From Yakın Ertürk's speech in the "Symposium on Promoting Empowerment of Women in Arab Countries Sponsored by Doha International Institute for Family Studies and Development" on 5-6 October 2010 in Tunis.

incomes are regarded as 'extra', they usually have control over the returns of their jobs to meet their children's needs.

With regard to repayments, despite TGMP's efforts to create a working discipline among women, it is a common belief that weekly payments and service charge trouble people. Also, the fact that repayments are always paid in any case bring the concept of group pressure into the mind.

Last, it is obvious that microcredit do not produce substantial returns in women's lives. The number of women that started from zero point and became an entrepreneur is not same with the advertisements on microcredit. They usually get credit in order to pay their debts, expand their existing business, or at least, to engage in activities with small earnings. Many of the borrowers said that if there were alternatives, they would choose a formal and secured employment instead of their existing jobs.

CHAPTER 6

CONCLUSION

Microcredit has been one of the most popular tools used in fighting poverty. Muhammad Yunus, the pioneer of microcredit, established Grameen Bank in order to find a way for helping the poor living in Jobra village in Bangladesh. However, the popularity of microcredit and Grameen model has been based on the end of 1990s and beginning of 2000s. The World Bank started to support the poor in Bangladesh in 1996. Moreover, United Nations General Assembly declared the year of 2005 as 'International Year of Microcredit'. With this attempt, member states were invited to take this 'effective anti-poverty tool' into their agendas. One year later, the Norwegian Nobel Committee awarded the Nobel Peace Prize for 2006 to Muhammed Yunus and Grameen Bank 'for their supports to create economic and social development from below'. In parallel with this international support, microcredit programmes have been increasingly implemented in Turkey and some of them have been supported by Turkish government.

In this study, I have tried to discuss the impacts of microcredit on women. To do this, I have firstly tried to explained poverty by looking at its causes and different approaches in finding a solution to this social problem. The emphasis was on the fact that poverty is a multi-dimensional issue rather than a lack of income. Therefore, while designing anti-poverty tools, these different dimensions should be included and fulfilled.

Second, I have shared a brief history of microcredit. Then, main arguments of Muhammad Yunus and other microfinance advocates were shared as well as the objections developed by other development practitioners and authors.

Afterwards, I have discussed the results of the field research conducted in Diyarbakir with respect to the literature in second and third chapter. One of the findings was that there is increasing demand and supply of microcredit. The increase in microcredit schemes might be based on the occupation of neoliberal policies in social and economic life in Turkey. As mentioned before, neoliberalism has an emphasis on contraction of the state in the market and welfare system. Moreover, through linking individual's development to his/her human capital, neoliberalism proposes individual ways to exit poverty. Therefore, since microcredit requires women to be individual entrepreneurs, it might be considered as a reflection of neoliberal policies, which prioritize small enterprises in markets.

On the people's side, the increase in demand for microcredit in Diyarbakir since 2003 might depend on the weakening solidarity networks among the poor. As Kalaycıoğlu (2006) states, the family/kin transfers are so important in coping with poverty in Turkey that their volume is larger than welfare provisions in Turkey. However, interviewees that were talked with during the research were expressing their lack of choice in terms of these transfers. That is to say, they have been choosing microcredit because they have nowhere/no one to demand 500-1000 TL in this day and age.

Furthermore, the findings of the research have been discussed under two main topics, namely, "Introduction with microcredit in Diyarbakir" and "Reflections of microcredit on women's lives". In the former, the development of microcredit in Diyarbakir and its main features have been presented. The latter topic was separated into three subtopics in which the empowerment aspect, repayments and general economic returns were discussed. Moreover, the empowerment section were analyzed in terms of trainings, group meetings, collectivity, self-confidence, decision making and control over the money and change in gender relations.

The results obtained during the field research show that there are a few women that become a 'heroic entrepreneur' after the access to microcredit. Many women apply for microcredit for consumption concerns, for payments of other debts and to expand their current business. Also, even if women start economic activities with

microcredit, these activities remain small scale and they usually become insufficient in a city like Diyarbakir in which purchasing power is really low and market opportunities are limited. If so, what is the difference between providing social assistance to poor women and giving them microcredit? This difference might be explained by remembering 10 decisions of TGMP. These decisions were useful in establishing an understanding of poverty by imposing all the burden of poverty to women's shoulders. That is to say, when a woman becomes an entrepreneur, she will be responsible for her family's fate. If she fails in her job, her failure will play the main role in her family's poverty but not the structural processes that were mentioned in the second chapter. In more general sense, such an understanding will serve for neoliberal idea of individualism.

Furthermore, although women are target group of Turkish Grameen Microcredit Programme, the program is generally inadequate in creating gender awareness among women; rather, there is a possibility of reproducing unequal gender roles that exist in the society. In addition, women mostly expressed an increase in self-confidence since they have roles in meeting their families' needs in economic terms, which brings individual empowerment to some extent. However, since their workloads increased with their new responsibilities, women stated tiredness and lack of time to participate in social and collective activities. Similarly, existing microcredit schemes do not have such a vision of collectivity. This might provide a basis for the criticisms that microcredit programmes usually ignore collective empowerment.

As a policy suggestion, the perception and definition of poverty should be changed. While trying to design programmes in order to alleviate poverty, the reasons behind the poverty of people should be analyzed carefully. In this way, the multi-dimensional and complex nature of poverty can be realized. This nature requires various social services as well as a simple access to income. For example, while summarizing the profile of Diyarbakir in Chapter IV, I've emphasized the political factors – more concretely, migration – affecting the living standards in Diyarbakir, as well as the changing economic structure. Therefore, public policies should take these

factors into account and different policies should be developed with respect to different impoverishment processes. Specifically, women, who are increasing their responsibilities with microcredit, should be provided with access to essential services such as childcare, education, health, social security and transport services. Otherwise, microcredit will remain to help the poor survive from day to day and to be an unsustainable tool in elimination of poverty that presents a temporary uplift via some extent of extra income and consumption smoothing and poverty will be reproduced through next generations.

There might be another policy suggestion if microcredit programmes continue to be implemented. That is, these schemes should be restructured in a way that they affect poverty in the long-run. The criticisms and deficiencies of microcredit that were listed in previous chapters should be taken into account in this restructuring process. Particularly, the amount of microcredit that has been distributed until today can be analyzed and alternatives other than individual entrepreneurship might be explored. A cooperative/collective type of organization that provides a decent and secured employment might set a good example. Such a practice might make women become empowered in both individual and collective terms and help them transform their environment and expand their productive capacities. As Bateman (2010) already indicated, important gains of the poor throughout the history required popular and organized struggles against the inequalities.

Furthermore, these women who are engaged in economic activities through microcredit should be provided with market connection. As is known, starting up a job is not enough to make profit but it is of equal importance that your supply should meet some demands. Otherwise, it would be so hard to sell your goods and services. Also, it is important to note that small enterprises are especially more risky in transporting products to big markets. Therefore, while providing women with some amounts of credits, microfinance institutions should guide their clients about the market situation or the market needs. This guidance might be in the form preliminary survey or vocational training in order to make women gain new skills in meeting the market demand or in the form of provision of market connection. Only in this way

the women could produce the most required and the most accurate goods and services for the market.

To sum up, microcredit continues to gain importance in poverty alleviation in Turkey and to receive support by the state institutions. However, despite the few winner women that are applauded in advertisements, it is obvious that it provides a short-term solution to poverty of people. In addition, when evaluating the case of Diyarbakir, other comprehensive and efficient anti-poverty tools are required in order to meet the needs of people living in the city.

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APPENDICES

APPENDIX A: INTERVIEW QUESTIONS

Questions asked to women taking microcredit in Diyarbakir

1. Please describe yourself and your family.
 - Age
 - Literacy/education
 - Health insurance
 - Husband's working status
 - Number of children
2. How did you learn about microcredit?
3. Is it your first time with microcredit? If not, how long do you take credit?
4. How is your relationship with staff of Turkey Foundation for Waste Reduction?
5. How do you use the credit? Did you set an enterprise?
 - Did you use on your own? Or, did you take microcredit for your husband's job or for consumption issues?
6. Please describe your working conditions.
 - How many hours per day do you work in order to meet your domestic and job responsibilities? Can you fulfill both responsibilities?
7. How much do you earn weekly?
8. Is your weekly income is sufficient to meet your daily needs and your children's school expenses?
9. What are you doing during weekly group meetings? Are they beneficial?
10. Have you ever not repay the loan? If yes, what were the reactions of foundation and group members?
11. Have you experienced any change in your social life after microcredit (in terms of communication with other people, sharing of problems, etc)?

12. How has your family life changed with microcredit? Has your relationship with husband and children changed? Do you experience any change in terms of participation in decisions about your family?
13. Have you experienced any change in your economic circumstances? How do you compare?
14. Have you experienced any change in yourself in terms of self-confidence, empowerment, etc?

Questions asked to the staff of Turkish Grameen Microcredit Programme

1. Please describe the microcredit scheme of Turkey Foundation for Waste Reduction. How long has it been implemented? Why did you need such a programme?
2. How many active members do you have?
3. Where is TGMP implemented? Does the amount of credit distributed change by region or does everyone borrow the same amount?
4. How do you decide the borrowers? What are your criteria?
5. How do you finance the microcredit programme?
6. Why do you target women? Do you observe any changes in those women's lives? If yes, how is that change?
7. Do you provide vocational training for your borrowers? Do you have a counseling service about the ways credit can be used?
8. What are the main sectors the credit is used for?
9. Do you have an evaluation mechanism for the programme? How do you determine whether you are successful?
10. What were your aims at the beginning of TGMP? To what extent have you met these aims? Do you identify any deficiencies about the programme?
11. If there are deficiencies, what are you planning to do in order to improve the programme?
12. Did you contacted with related NGOs and academics while designing and implementing TGMP? If not, do you think about such a sharing in the future?

13. Welfare economists think that such programmes are not efficient in the long run and resources should be used to create different tools. On the other hand, feminist researchers claim that without any vocational training, microcredit would deepen gender division of labor and would disempower women in the long run. What do you think about these criticisms?
14. What are the educational and vocational backgrounds of the staff in the foundation? Are poverty and gender among their areas of expertise?
15. How is the repayment scheme? Do you have members that cannot meet the repayments? If yes, do you apply any sanction on families?

APPENDIX B: APPLICATION FORM

FORM 1: Grup Üyelik Başvuru Formu ve Kişisel Bilgiler

Türkiye Grameen Mikrokredi Programı																	
..... Şubesi																	
Merkez No.: <i>ye Adı</i>			Üye Kart No.: <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>												Katılım Günü:		
Grup No. :			<i>İmza</i>			Üye No. :											
1. Müracaat Edenin Adı ve Soyadı :																	
2. Müracaat Edenin Doğum Yeri ve Tarihi :																	
3. Eşinin Adı :																	
4. Baba Adı :																	
5. Anne Adı :																	
6. Adres :																	
7. Merkez İsmi :																	
8. Medeni Hali (Bekar, Evli, Boşanmış, Dul, ...) :																	
9. Sürekli Oturduğu Köy / Mahalle :																	
10. Ailesinin / Babasının İkameti :																	
11. Ailesinin Telefon No :																	
Türkiye Grameen Mikrokredi Programının yönetmeliğine uygun tanzim edilmiş, yeni / eski bir gruba üye olmak istiyorum.																	
Kişisel bilgilerim aşağıda belirtilmiştir.																	
12. Üyenin Aile Bilgileri:																	
Sıra No	Aile Bireylerinin Adı (Bay/Bayan)	Yaş	Aile Reisine Olan Akrabalığı	Eğitim	<i>meslek</i> Aile Reisinin İş	İlave Gelir Kazandı mı Başka İş Yapıyor mu?											
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15																	
13. Ev, Arazi ve Borç Durumu																	
Ev Durumu			Arazi Durumu			Borç Durumu											
Kendi	Kira	Diğer	Kaç Dönüm	Bahçe	Diğer	Banka	Akraba	Diğer									

14. Evin Tanımı

Yapı Cinsi				Çatının Durumu			
Taş Ev	Kerpiç Ev	Çok Katlı Bina	Kerpiç Ev	Kremit	Kerpiç	Dam	Beton

15. Besi Hayvanı, Kümes Hayvanı ve Ailenin Mal Varlığı İstatistikleri

Besi veya Kümes Hayvanı				Diğer Mal Varlığı			
Inek :	Tavuk :	Buzdolabı :	Motorsiklet :				
Koyun :	Horoz :	Televizyon :	Mobilya :				
Keçi :	Ördek :	Çam. Makinası :	Fırın :				
Boğa :	Kaz :	Masa :	Diğer :				
	Diğer :	Sandalye :					

16. İpotekli Malların Listesi
(Mobilya, Ziyet Eşyası, Ev, Arazi, Diğer) :
İpotekli Şartlar ve Koşullar :

17. Ailenin Yıllık Toplam Geliri :

18. Ailede Çalışan Kaç Kişi Var?
Bay :
Bayan :

19. Başka bir grubun üyesi olan bir aile ferdi var mı? Evet / Hayır :

20. Uzun süre tedavi gördüğünüz veya tedavisi devam eden bir hastalığınız var mı?
Detaylı Bilgi:

21. İşim ve işimin tarifi:

22. Yılın hangi ayında gelirim düşük:

23. Telephone No :

24. T.C. Kimlik No :

25. Sosyal Güvence : Yeşil Kart SSK Diğer

26- Bulunmadığım durumlarda Görevli Tasarruf hesabımı *kullanmakta yetkilidir.*
Grubun, merkezin ve mikrokredi programının bütün kurallarını ve şartlarını kabul ederim. Düzenli olarak haftalık toplantılara katılacağıma söz veririm. Ödemelerimi düzenli olarak yapacağım. Mikrokredi projesini hizmet bedeline ters düşecek herhangi bir şey yapmayacağım.
Mikrokredi programının çalışmalarının tavsiyelerine uyacağım, Mikrokredi çalışanlarının zaman zaman anlattığı ve tarafımdan kabul edilebilir kurallara ve talimatlara uyacağım.
Baba / Eş İmza Üyenin İmzası

(Daha önceki bir gruba katılmak istiyorsanız)
a-) Başvuran kişiyi grubumuzun, merkezimizin bir üyesi olarak almaya istekliyiz. Üye; Kadın / Erkek grubun, merkezin ve mikrokredi çalışanlarının kurallarına uymayı taahhüt ederim.
Grup Başkanı Merkez Şefi
İmza İmza

b-) Şube Müdürünün İmzası:
Yukarıda belirtilen tavsiyelerin ışığında başvuru sahibi grubun bir üyesi olarak kabul edilebilir.
Merkez Yöneticisi Şube Müdürü
İmza: İmza:
Tarih: Tarih:

c-) Başvuru sahibi grup üyesi olarak tanınmış ve kabul edilmiştir.
İsim:
İmza:
Bölge Müdürü / Proje Genel Müdürü:
Tarih: -

TEZ FOTOKOPİSİ İZİN FORMU

ENSTİTÜ

Fen Bilimleri Enstitüsü

Sosyal Bilimler Enstitüsü

Uygulamalı Matematik Enstitüsü

Enformatik Enstitüsü

Deniz Bilimleri Enstitüsü

YAZARIN

Soyadı : Çakmak

Adı : Dicle

Bölümü : Sosyal Politika

TEZİN ADI (İngilizce) : Microcredit to women as a poverty alleviation tool: The case of Turkish Grameen Microcredit Programme in Diyarbakır

TEZİN TÜRÜ : Yüksek Lisans

Doktora

1. Tezimin tamamından kaynak gösterilmek şartıyla fotokopi alınabilir.
2. Tezimin içindekiler sayfası, özet, indeks sayfalarından ve/veya bir bölümünden kaynak gösterilmek şartıyla fotokopi alınabilir.
3. Tezinden bir bir (1) yıl süreyle fotokopi alınamaz.

TEZİN KÜTÜPHANEYE TESLİM TARİHİ: