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## ไมโครไฟแนนซ์เพื่อการพัฒนาบทบาทสตรี: กรณีศึกษา

### กองทุนพัฒนาบทบาทสตรี จังหวัดขอนแก่น

# Microfinance for Women's Empowerment: A Case of the Thai Women Empowerment Fund in Khon Kaen, Thailand

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## บทคัดย่อ

การเพิ่มขีดความสามารถของสตรีเป็นเรื่องที่ทั่วโลกให้สำคัญ ซึ่งในแต่ละประเทศก็มีวิธีการที่แตกต่างกันออกไป ในประเทศไทยใช้กองทุนพัฒนาบทบาทสตรี (TWEF) เป็นเครื่องมือในการเพิ่มขีดความสามารถและเพิ่มศักยภาพของสตรี การศึกษานี้ได้ระบุปัจจัยหรือเงื่อนไขที่เอื้อต่อประสิทธิผลของกลุ่มสตรีในจังหวัดขอนแก่น ที่กู้เงินจากกองทุนพัฒนาบทบาทสตรี ระหว่างปี พ.ศ. 2556 ถึง 2559 โดยใช้วิธีการวิจัยเชิงคุณภาพ ด้วยการสัมภาษณ์เชิงลึกจากกลุ่มสตรี 9 กลุ่ม และการวิจัยเชิงเอกสาร ผลการวิจัยชี้ให้เห็นถึงปัจจัยสี่ประการ ที่เป็นตัวกำหนดประสิทธิผลของกลุ่มสตรีหรือความสามารถในการซั่งคืนกู้ให้แก่กองทุนพัฒนาบทบาทสตรี ได้แก่ ปัจจัยด้านสมรรถภาพในกลุ่ม ปัจจัยด้านผู้นำ ปัจจัยด้านการผลิต และปัจจัยด้านตลาด ปัจจัยเหล่านี้เป็นองค์ประกอบที่สำคัญที่จะทำให้การดำเนินงานกลุ่มสตรีที่มีประสิทธิผล และสามารถนำไปใช้เพื่อปรับปรุงวิธีการพิจารณาโครงการกู้เงินของกองทุนพัฒนาบทบาทสตรี

**คำสำคัญ:** การเพิ่มขีดความสามารถของสตรี; ไมโครไฟแนนซ์; กองทุนพัฒนาบทบาทสตรี

### Abstract

Women's empowerment is a global concern. Its methods of operationalisation however vary. In Thailand, a way to empower and increase women's status is done via microfinance programs of the Thai Women Empowerment Fund (TWEF). As an initial attempt to examine the government's approaches to women's empowerment, this study identified factors or conditions facilitating effectiveness of the women's groups in Khon Kaen participating in the microfinance programs between 2013 and 2016. It employed a qualitative case study method, gathering information from nine in-depth interviews and documentary research. The research findings suggested four factors that were determinants of the women groups' effectiveness or the ability to repay the loans to the Women Empowerment Fund; characteristics of group members, group leadership, production capacity, and access to markets. These factors are important components of an ecosystem for an effective women's group, which can be utilized to further improve the microfinance programs and the capability of women's groups.

**Keywords:** Women Empowerment; Microfinance; Women Empowerment Fund

## Introduction

Women empowerment is widely recognized as a global agenda by researcher and practitioners. It has been evolving as security shifts the emphasis from the security of state to the security of people. The individual-level security is not only about the absence of traditional security threats, like conflicts and wars, but also about creation of democratic governance, economic development, social and environmental safeguards. Empowerment is an approach to strengthen the security of the people especially those marginalized. It enhances growth prospects. When citizen participation is promoted and citizens exercise their rights, citizens' demands are likely to be addressed and government performance is then likely to improve. The government can empower the people and reduce inequalities by investing in the capabilities of people especially the poor and vulnerable through various platforms such as education and access to basic healthcare, land, financial capital, and markets (Narayan et al, 2002).

Following the global trend, women empowerment is a policy objective in Thailand. The Thai Women Empowerment Fund (TWEF) was established in 2012 to improve the role of women particularly those in rural areas. The fund creates an opportunity for women groups to access to financial resources in forms of subsidies and low-interest loans, which in turn promote development effectiveness and socio-economic status of women.

Microfinance programs of the Thai Women Empowerment Fund as the tool for women empowerment has not been systematically investigated in Thailand. This study is therefore an attempt to start filling in this knowledge gap and create a better understanding of women's empowerment via microfinance programs for economic opportunity and development in Khon Kaen, Thailand. It attempted to promote women empowerment and its operationalization in a particular context of microfinance. It held a principle research question of *how do women groups become effective in microfinance programs of the Thai Women Empowerment Fund?* With a case study research design, this study identified conditions or factors that are components of an ecosystem facilitating effectiveness of the women groups participated in the microfinance programs in Khon Kaen. In a sense of organizational capacity, the effectiveness is indicated by the women groups' ability to repay the loans within the required timeframe. With a qualitative method of in-depth interview, this study gathered information from 9 interviews with female representatives from women groups received the loans from 2013 to 2016 and made the fastest loan repayment, and documentary research on relevant policy documents from the Community Development Department, Ministry of Interior, Thailand. The interviews were conducted between November 2019 and January 2020.

This article first presents microfinance as an approach to women empowerment including the Thai Women Empowerment Fund (TWEF), which is the funding source of microfinance programs in Thailand. It then lays out research findings on the determinants of effectiveness or, to put more specifically, the loan repayment of the women groups in Khon Kaen. These factors were characteristics of group members, leadership of the group leader, production capacity, and access to market. Conclusion lastly follows.

### **Microfinance: An Approach to Women Empowerment in Thailand**

Empowerment is a comprehensive concept. It can broadly refer to the goal, means (instrument), process and result of development activities and interventions of states and international actors, such as the United Nations, the World Bank, and many NGOs around the world. Despite the varying approaches, Brockling (2004) argues that the conceptualization of empowerment commonly discusses the unequal distribution of power between the have and the have-not and interventions to raise the power potential of the powerless including strengthening the individual and social problem solving competence (cited in Howaldt et al, 2014, p.85). Moreover, Sen (2010) suggests that empowerment is to enlarge the possibility of action, self-determination, and autonomy, or in other words, to create the possibility for human being to actively participate in societal life (cited in Howaldt et al, 2014, p.86).

For the readership of a specific context of poverty and inequality reduction of women groups, this study employs the definition of empowerment by the World Bank (Narayan et al, 2002), who utilizes empowerment as a poverty reduction framework and strategic actions to improve development effectiveness, as following;

*Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives.*

Four key elements of empowerment are access to information, inclusion and participation, accountability, and local organizational capacity (Narayan et al, 2002). Access to information is powerful since it renders an advantage of opportunity, access services, exercising the rights, and creating responsible citizenship and accountable governance. *Information flow* occurs in a two-way fashion; from government to citizens and from citizens to government. *Inclusion and participation* must be generated by granting authority and control over decision and resources to the lowest possible level, especially of the poor and the excluded groups, to ensure local ownership and commitment to change from the ground up. To do so, rules and processes are often required to change. *Accountability* is about holding state officials, public employees, private providers, employers, and politicians accountable to citizens. There are

three types of accountability; political accountability, administrative accountability, and social or public accountability. *Local organizational capacity* refers to “the ability of people to work together, organize themselves, and mobilize resources to solve problems of common interests” (Narayan et al, 2002, p. xx). People’s demands can be heard and addressed in organized groups. That demands can become the powerful voice and representation in policy dialogue when the number of group membership increases. The fourth element is of particular interest to this study since ‘organized women groups’ is at the center of analysis when they are empowered through a governmental tool of microfinance.

Literature review illustrates limited research on microfinance and its impact on women empowerment in Thailand. Women might be included in the population of study in the previous studies of microfinance in rural households (Hemtanon and Gan, 2020; Yostrakul, 2018) or poor villages (Coleman, 2002), the relationships between community groups and microfinance services (Schaaf, 2010), and the development and prospects of Islamic microfinance (IsMF) (Naipom, 2013). What we know is that microfinance is a key determinant of income inequality in Thailand is the lack of financial access to financial institutions for low-income families (Hemtanon and Gan, 2020). The well-known microfinance programs, namely the Village Fund (VF) and Saving Groups for Production (SGPs), are crucial credit sources, which allowed rural households to access credit to meet their needs. In essence, microfinance is a key approach to income

inequality, which is a major problem among the rural households in Thailand. However, research on microfinance specifically for women empowerment have not yet explored extensively. This study thus hope to make a contribution by proving an empirical knowledge on microfinance in women groups in Khon Kaen.

With an awareness of gender inequality, Prime Minister Yingluck Shinawatra launched an urgent policy initiative of the Thai Women Empowerment Fund (TWEF) in 2011 that then became officially established on 18 February 2012. The objective of the Thai Women Empowerment Fund is to promote and support women to have more opportunity to develop their capability and uplift their quality of life with access to monetary assistance. The fund carries a policy vision of “women empowerment as a crucial tool to country development”. In the initial stage, it was put under supervision of the Prime Minister Office and the Ministry of Social Development and Human Security. From 23 June 2015 onwards, the National Council for Peace and Order (NCPO) transferred the fund to the Community Development Department, Ministry of Interior.

Two types of monetary assistance are available under the Thai Women Empowerment Fund; subsidy and revolving fund. Subsidy fund is a grant to support activities or solve problems of a women group. Revolving fund is money for microfinance programs or money loaned to members of a women group. This study only focuses on the conditions facilitating implementation of revolving fund since the loan repayment

suggests a positive impact of the fund, or in other words, a connection between microfinance and women empowerment. The ability to repay the loan reflects effectiveness of the women group. The same link is not necessarily guaranteed with the subsidy, which does not required accountability in return. The revolving fund is likely to lift up the role of women when addressing the elements of empowerment presented above; access to information, inclusion and participation, accountability, and local organizational capacity (Narayan et al, 2002). However, the revolving fund of the Thai Women Empowerment Fund, or called interchangeably with the Thai Women Empowerment Fund in this study, has been increasingly facing a program sustainability problem. The core issue is that many women groups are struggled to repay the loans taken from the revolving fund. The inability to repay the loan more or less reflects the failure of program implementation and monitoring. Consequently, less money would be available for other women groups in a following year.

In the current fiscal year of 2019, according to the Community Development Department, Ministry of Interior, the subsidy fund and the revolving fund had the total budget of 295 million bath and 1,478 million bath respectively. The budget was allocated to each province varied depending the population-size. Seventy six provinces were categorized into three groups; 34 small, 22 medium, and 21 large population-size provinces. Each small-size province received 3 million bath (about 95,000

USD) of the subsidy fund and 12 million baht (about 383,000 USD) of the revolving fund. Each medium-size province was allocated 4 million baht (about 127,000 USD) of the subsidy fund and 20 million bath (about 639,000 USD) of the revolving fund. The large-size provinces, including Khon Kaen, obtained 5 million baht (about 159,000 USD) in the subsidy fund and 30 million baht (about 950,000 USD) in the revolving fund each. Nevertheless, when the TWEF revolving fund allocated to the Community Development Office, Khon Kaen, the fund was distributed to 26 districts based on the number of women groups membership rather than the population size in each district. Thirty million baht was divided into 3 groups of the large (9 districts), the medium (9 districts), and the small membership (8 districts). Each district with the large number of membership received 1.45 million Thai baht (46,000 USD), while each district with the medium and small number of membership gained 1.3 million Thai baht (41,000 USD) and 656,250 Thai baht (20,000 USD) respectively.

The main drivers and assurances of the loan repayment in each province were working committees, which were formed with representatives from government agencies and community. Their task was to approve loan proposals from women groups and monitor the microfinance programs in their areas. To be eligible for a loan application, a women group must meet the basic requirements;

1. the group must be comprised of at least 5 women;

2. the group members must reside or work in the area of application at least 6 months;
3. the proposed program must be for development of occupation, employment, and income, with a pre-existing project/prior training;
4. the proposed program must not exceed a budget of 200,000 baht plus 3% annual interest;
5. the group must repay the loan within 2 years with at least 2 installments annually.

The working committee of Khon Kaen and the loan approval process were structured as the following.

No/Steps	The Working Committees	The Process of Loan Approval
1.	<b>Volunteer Community Coordinator(s) (VCC):</b> 1-2 representatives from women groups at the village level, appointed by the District TWEF Committee	Groups formed with at least 5 women send proposals to the VCC, who ensures proposal completion with correct support documents and then passing it onto the SWG.
2.	<b>The Sub-district Working Group (SWG):</b> 7-9 representatives from women groups at the Sub-district level, appointed by the District TWEF Committee	The SWG checks the proposals including other related documents and then submitting them to the DTC.

3.	<p><b>The District TWEF Committee (DTC):</b></p> <p>11 committees comprised of the District Local Administration Officer, the District Agriculture Officer, the District Women Empowerment Chairwoman, the District Community Development Officer, the Community Development Research Officer, and 5 selected experts</p>	<p>The DTC makes a decision to/not to approve the loans requested by the received proposals. The approved proposals are then sent to the PWG.</p>
4.	<p><b>The Provincial Working Group (PWG):</b></p> <p>12 members selected by the Provincial TWEF Committee</p>	<p>The PWG reapproves the proposals, which are pre-approved by the DTC, and returns the disapproved proposals to the women groups for revision.</p>
5.	<p><b>The Provincial TWEF Committee (PTC):</b></p> <p>11 committees comprised of the Deputy Governor, the Provincial Treasury Officer, the Provincial Social Development and Human Security Officer, the Provincial Agriculture Officer, the Provincial Local Administration Officer, the</p>	<p>The PTC grants a final approval and then proceeds to make loan agreements with and transfers the loans to the women groups.</p>

	Provincial Women Empowerment Chairwoman, the Provincial Community Development Officer, the Head of Provincial Social Development Division, and 3 selected experts. These committees were appointed by the National TWEF Committee, Community Development Department, Ministry of Interior	
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Between 2013 and 2016, there were 1,767 microfinance programs in Khon Kaen. The number decreased from 856 programs in 2013 to 646 programs in 2014 and 265 in 2016 respectively. The performance of women groups also varied. Many women groups have not yet be able to complete loan repayment. This study therefore selected the women groups in Khon Kaen based on their best performance to investigate an ecosystem in which these women groups could function effectively and succeeded in loan repayment. Four factors were commonly identified as the components of the ecosystem, which is shown in the next section.

## **Determinants of the Women Groups' Loan Repayment**

This section demonstrates the research findings gathered from the in-depth interviews with 9 representatives from 9 women groups, which made the fastest loan repayment between 2013 and 2016 in Khon Kaen. The research findings indicated four factors, namely characteristics of group members, leadership of the group leader, production capacity, and access to market, as the key determinants of the women groups' ability to repay the loans to the Thai Women Empowerment Fund.

**The characteristics of group members** were commonly identified as crucial factors of group success. A vast majority of women groups' members did not solely relied on the achievement of women groups. They had multiple sources of income. In fact, the projects of women groups were causal and seemed to be an additional source of income only. The main sources of income were crop farming such as rice, sugar canes, cassavas, and vegetable farming as well as labour works. They thus could earn regular income, which in turn could be used to repay the loans to the Thai Women Empowerment Fund in a case that the projects of women groups did not make profits. Moreover, the women groups were beneficial from using the loans to build upon their existing farm works. For instance, a group leader invested the loaned money in her vegetable farm that was her main income generator. She then became the principle person accountable for the loan repayment, while other members undertook vegetable farming in their land and their productions

and profits became additional income only. The similar case model occurred across different types of farming projects to relieve financial pressure for the loan repayment.

More importantly, the interviewees valued the relationship or social capital among group members as an essential mechanism to the group's success. As required by the TWEF, membership of most women groups in Khon Kaen was formed with 5-6 women who lived in the same village where the microfinance programs based. These women were very closed in terms of proximity and relationship. Some of them formed the official women groups for microfinance programs based on their pre-existing informal social gathering. The intra-group bond showed via frequent interaction, blood-relation, friendship, and trust. These characteristics might not directly suggested effectiveness of the group but at least facilitated cohesion, unity, team work, and high potential of reconciliation in case of conflict. The practice of an individual group member was influenced by the social bond to the group in which they participated. The group members gave testimonies in the interviews about mutual interests, the sense of belonging and the willingness to follow the group consensus. For example, in a case of the drinking water project, the group members were families and relatives. They worked together and drive the project with high motivation to uplift the financial status of the entire family. This family-like project not only could repay the loans but also showed a great drive in general. Furthermore, it appeared that the women groups

members with experiences and expertise in which microfinance programs were built could show a positive outcome. As a case in point, the women group of woven reed mats was doing well partly because the woven skill was practiced and passed on from the old generations to the young members who learnt how to woven since they were young. The pre-existing skills and experiences were thus most desirable features of membership.

**Leadership of the group leader** was also an indispensable attribute of the effective women groups. The leaders with public consciousness and volunteer spirit made a paramount effect on the group. They often played a leading role in multiple groups. The chairwoman of the organic fertilizer group was also chairwoman of the Sub-district Working Group of TWEF (SWG), the Community Development Volunteer group, the Village Health Volunteer group, the village's group of Thai herbal compress balls, and the village committee. Through these multiple facets of societal platforms, she played an influential role and could mobilize supports and resources from others/women in the village and government agencies that she already established close association with. Besides, her familiarity with government procedures and culture also facilitated her leadership. The strong leadership is particularly essential in the case that the group leader was designated in the program design as the principle person responsible for the loan repayment. For example, the microfinance program for a village store run under supervision of the group leader succeeded only

because of respect, trust, and confidence the women group leader gained from group members. Such qualities enabled the power to enforce loan repayment requirements and make the village store a profitable business. However, it is worth noting that this leadership role may become a dangerous feature when it centralized power on one person and marginalized other members of the women group causing imbalance power relations.

**Production capacity** was a key factor to consider for the women group's effectiveness. The production process and the product quality were commonly discussed in the interviews. The products created by the women groups could be categorized into two types. Type one was those products produced with local materials such as woven reed mats using plaiting reed from local plants and silk from silkworms farms in the village or home-based ones. Type two was products produced with materials imported from outside the village. Program examples of the latter were fish farms, which relied heavily on fish food and other related materials and substances unavailable in the village, and village stores, which needed to stock a variety of consumption products and so on from outside the village. Naturally, the former type was likely to have an easier access to suppliers and the more enduring production than the latter one. The former could continually supply their products to prospective customers, whereas the latter might face uncertainty in production and sale.

The quality of products was however the problem both types of programs shared. Standardization and hygiene in food products were particular areas for improvements. The interviewees mentioned that the packaging was a weakness of their products. As lacking skill is in product design, the packages were often plain-transparent plastic bags or bottles. They also lacked trademarks or symbols indicating standardization or official approvals from such as the Food and Drug Administration (FDI) and the Thai Industrial Standards Institutes (TISI) of which approval processes were complex and often involved a number of stakeholders and infrastructure as well as a large sum of investment. Increasing government assistance in the standardization and safety could significantly boost the product quality and production capacity of the women groups.

**Access to market** was an important frontier, which moved the women groups' product-making to profit-making. The inability to access to market was a common disadvantage of many grassroots women groups, which could not afford advertisements in various channels. This study found that the women groups did well when their products were well known and in demand. Particularly, the products such as deserts and organic vegetables with the pre-existing local customer groups could maintain continuation of sale and made a stable income. Most women groups replied on traditional markets or shops located in the town/village center. Some might begin to penetrate the online market but yet to a very limited extent due to lacking experiences and skills. Online platforms

could therefore be explored more extensively to improve advertisements and yield more sales for the women groups if a certain skill set and trainings for digital economy were provided. Moreover, the inability to access to market highly linked to the product quality and production capacity. Although the quality might be high, a number of sale could not be increased partly because the products could not be produced fast enough to meet the demand under the current production capacity. Availability of product was important to ensure access to market, both onsite and online.

It was possible that these four factors highly intertwined and were potentially influenced by other factors outside scope of this study. Supports and assistance from individual government officials and organizations were slightly touch upon in the interviews. However, the details of government supports and assistance must be examined for clarification in further research, along with the roles of other actors in the microfinance programs of the Thai Women Empowerment Fund.

### Conclusion

This study presented a relationship between microfinance and women empowerment in Khon Kaen, Thailand. It investigated the conditions or ecosystem in which women groups could function effectively and especially repay the loans in the microfinance programs of the Thai Women Empowerment Fund. The Women Empowerment Fund

is a government tool to enhance women's role and status, especially increasing the economic opportunity for women to access to a low-interest loan. Microfinance is a key approach to poverty and inequality reduction in many other parts of the world. In this case, microfinance appeared to extend the financial power of women to create new programs or strengthen their existing works, which generated additional income and enhanced employment potential in the rural areas in Khon Kaen.

However, women empowerment is likely to depend on many factors. To begin to shed lights on the desirable environment for the women groups, this study identified four determinants, namely characteristics of group members, leadership of the group leader, production capacity, and access to market, as the key determinants of the women groups' effectiveness or the ability to repay the loans to the Thai Women Empowerment Fund. These factors highlighted the importance of social capital and networks, both work association and social circles like family and friends. Knowledge and skills were also at the center of the women groups' competency to thrive, especially in the new territory of digital economy in which they are now, with or without realization.

This study is not only pave the way for further studies on impact of microfinance in women empowerment but also create a body of empirical knowledge on an ecosystem in which a women group could function effectively. We hope such knowledge will assist both people involved in policy-making and those affected by microfinance programs of

the Thai Women Empowerment Fund such as government officials, women groups, business entrepreneurs and other members of society. We also encourage further studies on other platforms and tools for women empowerment to develop a more complete understanding of the current situation and plausible ways to improve the role of women in Thailand.

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