

Targeting married women in microfinance
programmes:
Transforming or reinforcing gender inequalities?
Evidence from Ethiopia

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List of Acronyms

ACSI	Amhara Credit and Saving Institution
ADA	Amhara Development Organization
ADLI	Agriculture Led Industrialization
AEMFI	Association of Ethiopian Microfinance Institutions
AIDBE	Agriculture and Industrial Development Bank of Ethiopia
AIDS	Acquired Immune Deficiency Syndrome
AWDA	Amhara Women Development Association
AWLAE	African Women Leaders in Agriculture and Environment
BRAC	Bangladesh Rural Advancement Committee
CIDA	Canadian International Development Agency
CSA	Central Statistics Agency
DECSI	Dedebit Credit and Saving Institution
DESA	Department of Economic and Social Affairs
DHS	Demographic and Health Survey
EEP	Extra-environmental parameters
ETB	Ethiopian Currency
FDRE	The Federal Democratic Republic of Ethiopia
GDP	Gross Domestic Product
HEI	Higher Education Institutes
HIV	Human Immunodeficiency Virus
IDA	International Development Assistance
IFPRI	International Food Policy Research Institution
ILRI	International Livestock Research Institute
IRDP	Integrated Rural Development Program
LF	Loan funded
MDG	Millennium Development Goals
MFI	Microfinance Institution
MHRC	Miz-Hasab Research Centre
MoE	Ministry of Education
MoFED	Ministry of Finance and Economic Development
MoH	Ministry of Health
MoWA	Ministry of Women's Affairs
NAADS	National Agricultural Advisory Services
NAC	National AIDS Council
NACS	National HIV/AIDS Council Secretariat
NAP-GE	National Action Plan for Gender Equality
NBE	National Bank of Ethiopia
NGO	Non-Governmental Organization
NHAPCO	National HIV/AIDS Prevention and Control Office
OCSSCO	Oromiya Credit & Savings Institution Share Company
OMFI	Omo Microfinance Institution
ORDA	Organization for Rehabilitation and Development of Amhara Region
PASDEP	Ethiopia: Building on Progress a Plan for Accelerated and Sustained Development to End Poverty
PCC	Population Census Commission
ROSCA	Rotating Saving and Credit Association
SEDP	Small Enterprise Development Project
SMFI	Sidama Microfinance Institution

SNNPR	Southern Nations nationalities and People's Region
SPSS	Statistical Package for Social Scientist
TNWDP	Tamil Nadu Women's Development program
UNAIDS	United Nation
UNAIDS	The United Nations Joint Programme on HIV/AIDS
UNDP	United Nations Development Program
USD	United States Dollar
WAO	Women's Affairs Office
WB	World Bank
WHO	World Health Organisation

CHAPTER 1 INTRODUCTION AND PROBLEM STATEMENT

1.1 Background

Concern about the exclusion of low-income households from the formal banking system in the developing countries has a long history. During the 1960s and 1970s, specialized subsidized credit institutions and programmes were adopted by national governments in the developing countries to deliver subsidized credit to small farmers. Donors and national governments provided considerable financial assistance for such interventions with the aim of promoting agricultural growth and poverty alleviation. During the 1980s, the subsidized agricultural credit programme came under heavy criticism because their performance was below expectations in several ways, including the failure to reach poor farmers and provide financial services in a sustainable manner (Robinson, 2001; Johnson and Rogaly, 1997; Von Pischke, 1983; Adams, 1971). Such credit institutions and programmes were unable to expand their outreach and sustain their lending because of poor loan recovery rates (Johnson and Rogaly, 1997; Von Pischke, 1983). Moreover, with the introduction of Structural Adjustment Programmes in the 1980s, subsidized credit programmes and institutions were subject to strong criticism by donors who were the sources of their loan portfolios (Johnson and Rogaly, 1997).

The pitfalls of the specialized subsidized credit institutions and programmes have led to a search for “innovative” microfinancing services to poor households (including women) in a sustainable manner. Microfinance is the provision of financial services, mostly micro-loans and saving facilities, to low-income clients, including small farmers, traders, street vendors, service providers and artisans (Robinson, 2001; Ledgerwood, 1999), who cannot access formal banking services (Wilson, 2003). The new “innovation” in microfinance is designed to avoid the major pitfalls of the subsidized credit interventions by focusing on building local and sustainable financial institutions to serve the poor (Ledgerwood, 1999). In the last two decades, microfinance institutions have proliferated in many low-income countries aiming for poverty alleviation. In Ethiopia, following the global microfinance movement, an institutionalised form of microfinance has been promoted after the mid-1990s¹ with the issuance of a microfinance policy by the Ethiopian government.

Poor people in the developing countries often lack the basic means of production to produce food or to generate income for their livelihoods. They are unable to cope with different economic shocks caused by drought, flood, illness, etc, since they have few options and resource bases to build assets and smooth consumptions (World Bank, 2001). In the last two decades, the poverty situation in the developing countries, especially in Sub-Saharan Africa, has been fuelled by the spread of the HIV/AIDS pandemic, which drains the resource bases of households and nations. The same thing is true for Ethiopia. During 2007, nearly one million Ethiopians were estimated to be living with AIDS, while about 650,000 Ethiopian children became AIDS orphans and about 67,000 Ethiopians died of AIDS (WHO and UNAIDS, 2008).

¹In the 1970s and 1980s, microcredit interventions were initiated through government and NGO (non-government organizations) projects and programmes. In 1996, the Federal Democratic Republic of Ethiopia issued Proclamation No. 40/1996 to provide a policy framework for the licensing and supervision of microfinance business.

Microfinance is believed to help poor men and women by expanding incomes, raising productivity, reducing risk, and enhancing their ability to smooth consumptions (Robinson, 2001). Providing microfinance to women has been increasingly applauded as a strategy to empower² women (Microcredit Summit, 1997). The role of microfinance in the fight against the HIV/AIDS pandemic has gained special prominence in recent years. Microfinance is believed to contribute to the prevention of HIV infections, mitigating its impact by enhancing economic independence among HIV/AIDS risk groups (women and girls) and providing financial products that suit households affected by the pandemic (Lugalla, 2002; Haddad and Gillespie, 2001). In addition, credit groups are viewed as an important arena to disseminate information about the HIV virus to microfinance clients (Donahue, 2000; Parker et al., 2000).

During the last century, one of the key advances in the development discourse is the attention given to women by donor and development policy makers and practitioners. A growing number of women are increasingly targeted by microfinance institutions in the developing countries (see Daley-Harris, 2007). The assumptions behind targeting women in microfinance programmes could be broadly categorized into instrumental and humanitarian viewpoints³. In the instrumental approach, women are viewed as a means to achieve poverty reduction objectives (see Cheston and Kuhn, 2002; Jackson, 1996). This approach recognizes the vital role that rural women play in rural livelihood systems. Improving their access to financial services is assumed to enhance their productivity, improve their economic power, and consequently improve the well-being of their families. Lending to women is also considered safe for lending institutions because women have shown good loan repayment records (Cheston and Kuhn, 2002; Mayoux 1999). On the other hand, the humanitarian perspective acknowledges the higher incidence of poverty and deprivation among women and advocates development for women. It is widely recognized that women have limited economic opportunities compared to men (Ledgerwood, 1999; Pitt and Khandker, 1996). Extending credit to women promotes women's opportunity for self-employment activities. Apart from financial services, participation in credit groups is considered to be a powerful tool in raising women's consciousness and self-confidence (Hashemi et al., 1996). It also serves as an entry point to advance women's social and political empowerment (Cheston and Kuhn, 2002; Mayoux, 2001b, 1999).

It is generally recognized that targeting women in microfinance may address women's financial constraints or improve their access to financial resources. However, it is questioned whether access to microfinance alone can automatically lead to women's empowerment or can address structural gender⁴ subordination (Goetz and Gupta, 1996). In recent years, assessing the impact of development policies and programmes on poverty reduction (also women's empowerment) is increasingly recognized in the development process. The existing studies in the field of gender (women) and microfinance tend to be scanty and provide seemingly conflicting evidence. In addition, despite the fact that the HIV/AIDS pandemic is more likely to affect the businesses of microfinance clients and resource allocation patterns within such households, little is known about it.

² A simple definition of empowerment is the ability to make strategic life choices (see Chapter 3, section 3.5 for details).

³ Mayoux (1999) discusses the different views in relation to three microfinance paradigms, namely financial sustainability, poverty reduction, and women's empowerment (see Chapter 2, section 2.2).

⁴ Gender refers to the social differences between men and women (see Chapter 3, section 3.2 for details).

1.2 Formulation of the problem

Microfinance programmes are acclaimed to achieve both poverty reduction and women's empowerment objectives concomitantly. Global statistics show an impressive figure about the proportion of women in microfinance programmes and bear witness to the attention given to women. Although it is widely asserted that women's access to finance may transform gender relations or empower women, there is a lack of comprehensive and in-depth studies. The available literature is scanty, partial, and provides seemingly contradictory conclusions. Furthermore, the focus of much of the impact assessment studies on microfinance and women's empowerment (also poverty) concentrate on few areas mainly Bangladesh, a pioneer in microfinance.

On the one hand, several studies provide evidence that women's access to financial services improves women's decision-making and bargaining power within the household (Osmani, 2007; Pitt et al., 2006; Kabeer, 2001; Hashemi et al., 1996; Pitt and Khandker, 1996). Evidence shows that even when women transfer their loans to their husbands, they are more likely to be empowered because they are the source of credit to their households (Hashemi et al., 1996). On the contrary, others provide evidence that microfinance may perpetuate the existing unequal power relations within the household (Rahman, 1999; Goetz and Gupta, 1996; Montgomery et al., 1996; Ackerly, 1995). Because of the deep-rooted gender inequalities in many societies, which govern the distribution and utilization of resources in a gendered manner, the gender transformation potential of microfinance services is hindered (Johnson, 2005, 2000; Mayoux, 2001a; Goetz and Gupta, 1996; Montgomery et al., 1996). Others suggest that microfinance may not always be empowering and that its effect may be different for different women (Cheston and Kuhn, 2002).

The same is true for Ethiopia, where the microfinance industry is in its early stages and its impact on poverty in general and on gender relations in particular are hardly studied. Even the few existing assessments do not provide a full account of how intra-household gender relations are impacted by women's participation in microfinance programmes. Studies suggest that women's access to financial services increases women's earnings and contributes to the household food supply and the education of their children (Tsegaye and Bediye, 2002). Recent evidence shows that microfinance provided to women improves women's decision-making power within the household in the areas of loan use, farming decisions, sales and purchases, and the education of children (Borchgrevink et al, 2005). Evidence also shows that microfinance enhances women's decision-making power within the household in the rural areas but not in the urban areas (Tsegaye and Bediye, 2002). Another study shows that providing microfinance to urban women increases women's self-employment and income generation, while the effect on decision-making and asset formation is limited (Padma and Ayele, 2005). Yet another study shows the prevalence of women transferring their loan to their husbands (Getaneh, 2005).

Existing research on the impact of microfinance on women's empowerment (the intra-household gender relation) leads to conflicting conclusions. This may be due to differences in research methodology, scope and focus of the studies (Kabeer, 2001), and the resulting emphasis and interpretation of the research findings. It might for instance be possible that researchers overlook how microfinance intervention improves one dimension of gender relations while undermining another. Secondly, the different programme outcomes in different countries may arise from socio-cultural differences. The prevailing gender-based divisions and customary practices in different countries and communities may influence programme outcomes in different ways. This is because the internal organisation of the

household in different societies may have different implications for the management of resources, and the extent to which resources are pooled or independently managed (Kabeer and Anh, 2000). Different aspects of intra-household relations, such as property rights, the labour process, and extra-household resources may also engender cooperation or conflict between interdependent household members (Kabeer, 1991). Moreover, not all women may simply accept the domination by others, nor may all of them openly confront the unequal social order. Different women may employ different covert and overt forms of resistance against inequitable allocation outcomes within the household (Agarwal, 1997a). The experiences of women in responding to problems and the strategies they adopt could be different from place to place as well (Duncan, 1995), which may affect microfinance programme outcomes for different women differently. Thirdly, different policies and strategies of microfinance institutions may have different implication for women's empowerment. Some microfinance programmes may facilitate the process of women's empowerment, while others may not.

So far, little comparative analysis has been done to understand how variations in microfinance programme policies and design features, HIV/AIDS, socio-cultural and economic environments may influence microfinance programme outcomes on gender relations or women's empowerment. Moreover, the existing evidence is incomplete and needs to be supplemented. For instance, a lot of studies have focused on changes in decision-making, but the potential effect of microfinance on the intra-household gender division of labour is largely unexplored.

This study intends to provide a comprehensive picture of the potential effects of microfinance (aimed at women) on intra-household resource allocation, by focusing on the key aspects of gender relations, i.e. the gender division of labour and household decision-making. It employs a comparative case study approach in order to explore factors that may facilitate or hinder the empowering potential of microfinance provided to women.

The study is conducted as part of the African Women Leaders in Agriculture and Environment (AWLAE) programme. The AWLAE programme focuses on the role of women in food systems in Sub-Saharan Africa, and the impact of HIV/AIDS on food and livelihood systems in rural Africa. The study will investigate rural women's involvement in economic activities and examine changes that have occurred in the gender division of labour and decision-making power within microfinance clients' households.

1.3 Research objective

The objective of this study is to investigate if and how microfinance aimed at married women may affect the intra-household division of labour and the decision-making power within households. The study focuses on married women because they live in conjugal relationships with men, which will help us to better understand intra-household power dynamics.

Research questions:

1. Does women's participation in a microfinance programme affect decision-making patterns within households, and, if so, how?
2. Does women's participation in microfinance affect intra-household labour divisions and responsibilities, and, if so, how?

3. Which characteristics of microfinance institutions facilitate or hinder the intra-household allocation of labour and decision-making power, and how does this occur?
4. How do socio-cultural and economic factors influence the allocation of labour and decision-making power within microfinance clients' households?
5. How does the HIV /AIDS pandemic affect the allocation of labour within microfinance clients' households?

1.4 Outline of the thesis

Following this introduction, Chapter 2 presents the literature review on microfinance, intra-household allocation and HIV/AIDS. The chapter starts with some historical background and the development of “innovative” microfinance as a poverty reduction strategy. Literature on the rationales for targeting women in the microfinance programme and on the impact of microfinance on women's empowerment are discussed extensively. Before the concluding remark, issues surrounding microfinance and HIV/AIDS are briefly discussed.

In Chapter 3, key concepts and theoretical frameworks of the study are presented. After a brief introduction, the key concepts used in the research, such as the household, gender, household decision-making, and empowerment are discussed. Following the background information about the traditional approach in the study of household economics, the household models used in this study are discussed, including their applications. At the end of the chapter, the components of the study's framework and the conceptual framework are discussed and presented.

Chapter 4 describes the profile of Ethiopia, the study's regions, the study's microfinance institutions, and the study's localities. The chapter provides detailed information about Ethiopia's geography, history, ethnicity, religion, demography, socio-economic relations, HIV/AIDS, gender relations, and microfinance in Ethiopia. The profiles of the study's regions and the study's microfinance are discussed. Finally, the study's localities are summarized.

In Chapter 5, the study's methodology, the descriptive statistics and the key characteristics of the study groups are presented. The research strategy, methodological issues in microfinance, the study's microfinance and location selection procedures, data collection, ethical considerations, practical data collection problems and the data entry and analysis are discussed extensively. The chapter ends with the presentation of key characteristics of the study group and of the descriptive statistics (the explanatory variables) that are used in the empirical chapters.

Chapter 6 explores intra-household decision-making on loans and earnings from the loan-funded enterprises. The chapter describes decision-making arrangements regarding the uses of women's loans and income generated from the loan-funded enterprises. It identifies and discusses the factors that determine these dimensions of decision-making within the household. Finally, a concluding remark is presented.

Chapter 7 examines intra-household labour allocation to the loan-funded enterprises. Couples' labour allocation to the loan-funded enterprises is discussed. Based on the in-depth interviews, a detailed account of intra-household task distribution to the loan-funded enterprises is presented. The organisation and the distribution of tasks between men and women in “gender-specific” and “gender-neutral” loan-funded activities are examined and

Introduction and problem statement

weighed. The factors that determine intra-household labour allocation are discussed. I will briefly discuss labour allocation in relation to death and illness within the household, followed by a concluding remark

Chapter 8 focuses on the potential effects of women's access to microfinance services on intra-household resource allocation (labour and income). The chapter analyses the effect of women's access to credit on labour allocation, household farm production and domestic activities, and discusses the distributions of workloads between men and women. It also examines the possible changes in expenditure responsibilities and other financial decision-making within the household. The final section provides a concluding remark.

Chapter 9 presents the conclusion and recommendations for policy and further research. The chapter begins by summarizing the research problem, the study's contexts and the methodology employed in the study, followed by answering the specific research questions. The final section presents recommendations for policy and further research.

CHAPTER 2 MICROFINANCE, INTRA-HOUSEHOLD RESOURCE ALLOCATION AND HIV/AIDS: LITERATURE REVIEW

2.1 Background

Poverty has been a key challenge facing both the population of developing countries and institutions involved to address its causes. The multifaceted nature of poverty has been increasingly recognized and its traditional definition (material poverty) has been refined to include different forms of deprivations, including powerlessness, vulnerability, and exposure to risks (World Bank, 2000; Narayan et al., 1999). According to the World Bank (2001), during 1998, about 1.2 billion people in the developing and transitional economies lived on less than one United States Dollar (USD) a day. During the same period, income poverty was more pronounced among the population of Sub-Saharan African and South Asian countries; about 70 percent of the population lived on less than one USD a day (World Bank, 2000, cited in World Bank, 2000:23).

The poor people in the developing countries lack productive capital, including access to credit to generate or expand their earnings. In response to this, during the last half century, delivering affordable financial services to the rural population has been the key poverty alleviation strategy in many low-income countries. Global development strategies until the 1980s have been inspired by the need for capital and technology injections, as well as state intervention to promote growth and alleviate poverty in the developing countries. Particularly, in the 1960s and 1970s, subsidized agricultural credit institutions and programmes have been adopted to promote agricultural production and poverty alleviation by national governments with considerable back-up from donors. The main arguments for subsidized agricultural credit include: a) farmers have been exploited by local money lenders, who charge an exorbitant interest rate; b) farmers need cheap credit to use productive inputs; c) low interest rates are justified as an income transfer mechanism and/or to compensate policies that are biased in favour of urban dwellers; and d) farmers are too poor to save (Adams, 1971). Donors provided considerable financial assistance to the implementation of subsidized agricultural credit programmes⁵ in the low-income countries. National governments of low-income countries established specialized farm credit institutions (development banks) for the task of distributing subsidized credits in the rural areas.

The model of subsidized credit programmes encountered a steady criticism in the wake of structural adjustments, as donors' and development agencies switched attention from state-based to market development solutions to the problem of underdevelopment (Ledgerwood, 1999; Johnson and Rogaly, 1996). In addition, the performance of the specialized agricultural credit institutions was below expectations in several ways (Moll, 2003). Most importantly, poor farmers were unable to benefit from the subsidized credit programmes as loans were largely lent to the relatively wealthier farmers (Zeller and Sharma, 1998; Von Pischke, 1983; Adams, 1971). This was because poor farmers could not pledge collateral

⁵ For example, between 1960 and 1969, Latin American countries received support worth approximately \$915 million from three international donors; Agency for International Development (AID), the inter-American Development Bank and the World Bank Group (IBRD) (Adams, 1971).

(Zeller and Sharma, 1998) but also because, at that time, there was no strategy to target poor people. Programmes were highly dependent on donors and governments for their loan portfolio requirements, which they lent at subsidized interest rates (Johnson and Rogaly, 1996). Saving service was neglected because it was assumed that there was little saving capacity in rural areas (Yaron et al, 1998; Johnson and Rogaly, 1996; Von Pischke, 1983). Besides, there was limited incentive for saving due to fixed low interest rates (Adams, 1971). The programmes were also characterized by a high loan default. For example, the loan recovery rate for one rural finance institution in Latin America was as low as 10-15 percent (Yaron et al., 1998). Poor loan recovery, coupled with low interest rates on loans, limited local savings, and dependency on external financial assistance for a loan portfolio, specialized subsidized credit programmes could not sustain their lending and expand outreaches (Yaron et al., 1998; Zeller and Sharma, 1998; Johnson and Rogaly, 1996).

In the 1980s, microfinance targeted to the poor has emerged as a potent strategy in poverty alleviation in some countries and has rapidly spread in many low-income countries during the 1990s. Unlike the traditional subsidized lending, the “innovation” in microfinance involves the provision of a broad range of financial services, including microloans, saving, microinsurance, and money transfers to low-income people (Robinson, 2001; Ledgerwood, 1999) who cannot access formal banking services (Wilson, 2003). Microfinance was designed to overcome the main pitfalls of the subsidized specialized agricultural credit programmes by delivering a wide range of financial services, including savings, using social/group collateral, the adoption of interest rates to cover costs, and building a financial institution for addressing the financial needs of the rural and urban poor. It is built on “innovation” in financial intermediation by reducing costs and risks associated with lending to poor people.

The experiences of microfinance institutions, such as the Grameen Bank in Bangladesh, in reaching low-income people, especially women, have roused enthusiasm among policy makers and donor agencies about the potential of microfinance in poverty alleviation. Beginning in the 1990s, microfinance programmes have started to flourish in many developing countries, targeting millions of poor people. Donors have been supportive of such initiatives. In 1997, the Microcredit Summit, - a forum organized by civil society -, launched a campaign to reach 100 million of the world’s poorest families, especially poor women. The State of the Microcredit Summit report for 2006 showed that 3,316 microfinance institutions in the developing countries reached about 93 million of the poorest clients, 85 percent of whom were women. The Summit has planned to reach about 175 million of the worlds poorest clients, particularly women, by the end of 2015 (Daley - Harris, 2007).

Over the last decade, various studies have been conducted to understand microfinance impact on client outreaches and poverty reduction. Although there is a general consensus that microfinance programmes generally target poor people (Pitt and Khandker, 1996), studies have found that the poorest of the poor remain excluded (Zeller and Sharma, 1998; Hulme and Mosley, 1997). With regard to the impact on poverty, several findings suggest that a well-managed microfinance programme may positively contribute to economic and social achievements of low-income households. Evidence shows that providing microfinance to the poor increases household incomes (Buckley, 1996), and expenditure on food (Pitt and Khandker, 1998), on education (Hospes et al., 2002; Khandker, 1998; Pitt and Khandker, 1996), and on health (Hospes et al., 2002). Others question whether microfinance can have a meaningful impact on household poverty if it focuses on

profitability and institutional financial sustainability (Mayoux, 1999; Zeller and Sharma, 1998; Johnson and Roglay, 1997; Hulme and Mosley, 1996). In their view, microfinance institutions may increase the cost of borrowing in order to achieve financial sustainability, which will render credit inaccessible for the very poor (Murdoch, 2000). According to Zeller and Sharma (1998), the assumption of alleviating the precarious situation of poor individuals/households through the provision of microfinance is underestimating the prevailing complex and multifaceted structural constraints e.g. illiteracy, ill-health, lack of skills, etc, that poor clients encounter in their lives. Similar debates are accumulating regarding the question whether or not microfinance contributes to women's empowerment. This will be the focus of this chapter.

The remainder of the chapter is organized as follows. Section 2 highlights the rationale behind targeting women in microfinance interventions. The various justifications for the inclusion of women in microfinance programmes are discussed. Section 3 reviews the existing studies dealing with the impact of microfinance programmes on women's empowerment. This section also identifies major gaps in the existing literature. Section 4 discusses the potential effects of the HIV/AIDS pandemic on microfinance programme clients. It also highlights how microfinance programmes may help prevent the transmission of HIV or mitigate the impact of AIDS. Finally, section 5 provides concluding remarks.

The chapter has two main objectives. Firstly, it reviews the main literature regarding the impact of microfinance on women's empowerment. Secondly, based on the analysis of the existing literature, it identifies major gaps and discusses how this research addresses the gaps.

2.2 Targeting women: the rationale

Global women's movements and the United Nations International Women's Conferences conducted since 1975 have been instrumental in bringing the role of women in economic development and gender issues to the centre of the global agenda and have influenced policies and programmes to direct resources to poor women. Promoting gender equality has become one of the eight goals of the Millennium Development Goals adopted by the international communities in 2000. Although there has been some progress over the past years, gender disparity in access to resources and opportunities persist in many countries in the world (United Nations, 2008; Haussmann, 2007).

In the past few decades, poor women in the developing countries have been at the centre of "microfinance innovation". Growing numbers of women are targeted by microfinance institutions in these countries. As indicated earlier, women comprised a considerable proportion of the poor clients reached by microfinance institutions in the world (Daley-Harris, 2007). Targeting poor women in microfinance programmes has been at the centre of policymaking, based on the assumption that credit provided to women will have multiple effects as well as more development effects than credit provided to men. Through improving women's access to financial services and credit networks, microfinance interventions are supposed to contribute to women's empowerment. Access to financial service is believed to give women the opportunity to engage in or expand income-generating activities, and consequently give them greater economic security and power within the household. Moreover, microfinance that fosters group formation is believed to increase women's exposure to new ideas, mutual support networks, and identity beyond the household (Mayoux, 2001a).

Targeting women in microfinance programmes is the result of different lobbies and kinds of support given by different organizations with varying “political perspectives” (Mayoux, 2001b). For instance, the Microcredit Summit Declaration articulated the various potential benefits of lending to women, which include: a) women’s incomes will be spent on their families, particularly children, b) women are reliable or trustworthy borrowers, and c) an increase in women’s incomes will enhance women’s bargaining position within the household (Microcredit Summit, 1997). Similarly, Mayoux (1999, 2001b) systematically discussed the rationales for targeting women in microfinance programmes in terms of three sometimes competing paradigms, namely a) poverty alleviation, b) financial sustainability, and c) feminist empowerment. According to poverty alleviation proponents (a), higher poverty among women (especially female-headed households) and the vital role that women play in the livelihood system of poor households have been the basic premise to realize poverty alleviation objectives (Burjoree et al., 2002; Cheston and Kuhn, 2002; Mayoux, 2001b, 1999). The UNDP’s (1995) widely cited estimate suggests that 70 percent of the 1.3 billion of the world’s poor are women. It is also widely recognized that women have a lower employment/activity rate and earn less than men (World Bank, 2001). On the other hand, the emerging empirical evidence on intra-household resource allocation demonstrates that poor women use their increased income more often on household consumption needs compared to men (Pitt and Khandker, 1996, 1998; Levin et al., 1999; Kabeer, 2001). The relatively high prevalence of poverty among women and the evidence that supports women’s use of their earnings for the household are often used to justify the favouring of women, when a decision must be made on which group to target for micro financing.

According to financial sustainability advocates (b), microfinance intermediation should be financially viable in order to expand outreach and provide financial services to the poor in a continuous way. Hence, cost recovery and profit-making becomes central to this end. In the past few decades, women’s better loan repayment records have led to a “collective wisdom” that women are more reliable borrowers than men (Cheston and Kuhn, 2002). Women are considered more reliable because they perform better in loan repayment compared to men (Sharma and Zeller, 1997). In the literature, some plausible reasons are forwarded as to why women and men behave differently with regard to loan repayment. Sharma and Zeller (1997) note that women may choose a less risky business because of a limited experience in market activities or because the cost of a business failure is likely to be high for them, due to unequal decision-making within the household. In addition, it is asserted that women may have more incentives for loan repayment than men because they want to maintain their access to credit, access to village groups or networks and to other facilities provided by microfinance institutions (Goetz and Gupta, 1996). Furthermore, it is assumed that women are easier to locate, to work with and to intimidate into loan repayment than men (Rahman, 1999; Goetz and Gupta, 1996).

Advocates of the empowerment paradigm (c) justify targeting women in microfinance programmes on the basis of equity and human rights. Microfinance, together with other complementary services, such as literacy programmes and business and skill training, is assumed to lead to women’s economic empowerment, while membership of credit groups is seen as an entry point for women’s social, political and legal empowerment. Promoting women’s access to finance is then seen a strategy to advance women’s economic and social empowerment (Cheston and Kuhn, 2002; Mayoux, 2001b; David and Hulme, 1996).

Regardless of the different rationales behind targeting women, advocating women's access to credit may be celebrated as an important advance in the effort to address gender-based discrimination. However, given the pervasive gender inequalities and gender-based barriers in many traditional societies, access to credit may not be automatically translated into empowerment for women. Promoting gender equality requires the levelling of social, legal and economic institutional "*playing fields*" that shape, not only women's and men's access to resources, but also in a more general sense their socio-economic and political opportunity and power (World Bank, 2001).

2.3 Microfinance and Women's Empowerment

The previous section has set forth the assumed multiple development effects of lending to women, including the effect on women's empowerment. It is widely assumed that women's access to finance contributes to women's empowerment. Nevertheless, to date, there has been limited conclusive evidence of this and debates are accumulating. The available literature focuses on Bangladesh and provides incomplete and seemingly contradictory conclusions. The lack of a comprehensive impact assessment that explores the effects of microfinance on the different dimensions of empowerment in different socio-cultural settings has become increasingly evident. In the following paragraphs, key literature that provides positive and negative conclusions about the empowering potential or effects of providing microfinance to women is presented, followed by some explanation of the opposing research conclusions.

a. Positive research results

Hashemi, Schuler and Riley (1996) have explored the impact of two microfinance programmes⁶ in Bangladesh on women's empowerment. They employed both quantitative and qualitative methodologies. The study identified a number of indicators for measuring women's empowerment, including women's mobility, their ability to make small and large purchases, their involvement in household decision-making, relative freedom from domination, their political and legal awareness, their participation in public protest and political campaigns, and their contribution to family support. They found that women's access to credit significantly and positively affected women's economic contribution to the household, asset holdings, purchasing power, and political and legal awareness. This study evidenced that credit programmes create opportunity for women to earn an independent income, and consequently empower them. However, the probability of empowerment is 8-12 times higher for women who contributed to family support or were involved in a credit group, than for women who neither contributed to family support nor participated in a credit programme. The study also found that women's membership of credit groups had contributed to the reduction of violence against women within the household.

Hashemi et al., (1996) have also analyzed intra-household decision-making on loan uses and enterprise management. They found a considerable variation in the degree to which women control loan use decisions in different villages, which ranged from nil to full control. Women appeared to lose control over loans in economically depressed areas where there is competition between men and women for scarce economic resources and opportunities. The study showed that women's financial control over loan-funded enterprises is significant if loans are invested in women's traditional home-based income-generating activities.

⁶ Grameen Bank and Bangladesh Rural Advancement Committee (BRAC)

Hashemi et al., (1996) have concluded that women's participation in credit programmes does indeed contribute to women's empowerment, whether women borrowers contributed their income to their households or not. When a woman brings loan money to the household she becomes the source of credit for that household. Nevertheless, the researchers suggested that the impact of microfinance is likely to be substantial when credit is used to increase women's income-generating potential and their economic contribution to the household.

Pitt and Khandker (1996) have explored the impact of women's and men's membership of three group-based credit programmes in Bangladesh⁷ on couples' labour supply, their children's schooling, expenditure, women's non-land asset holdings, and fertility. They found that access to credit was an important determinant of impact outcomes. They also found that impact outcomes differed according to the gender of the loanee. In this study, credit provided to women was more likely to improve boys' school enrolment, expenditure on food, investments in women's non-land assets, and women's time spent in market activities. The study showed that microcredit supplied to women had little effect on girls' school enrolment, except in one programme. The researchers interpreted this finding in terms of the "close substitutability" of women's and girls' labour in household production and self-employment activities. They noted that girls may begin to assume more domestic responsibilities within the household as women get involved in market activities due to their access to credit. The study also demonstrated the contradictory effects of women's and men's credit on couples' labour supply. According to the finding, microcredit provided to women tends to increase the time that women spend in market-oriented activities, while microcredit supplied to both men and women tends to reduce men's time spent in market-oriented activities.

Kabeer (2001, 1998) has conducted a participatory evaluation of the Small Enterprise Development Project (SEDP) in Bangladesh. She compared intra-household decision-making arrangements on loan uses, the running of enterprise and the use of enterprise profit within male loanees' and female loanees' households. She found that women who accessed credit in their own names had considerably more involvement in the loan-related decision-making (40-90%) within the household compared to women in male loanees' households' (20%). While, the degree of male and female loanees' influence on loan-related decision-making vary greatly. In her study, female loanees reported both independent (31-51%) and joint decision-making with their husbands (37-65%), while male loanees reported mostly independent decision-making (79-88%). Kabeer (2001) identified three groups of women loanees who had little say in loan-related decision-making within the household. The first group consisted of women who had a small role in household decision-making even before getting access to credit. This implies that access to credit gained by women may not always transform the existing unequal power relation within the household. The second group comprised women with health problems or a disability; their exclusion from loan-related decision-making was associated with their inability to undertake loan-related activities and responsibilities. The final group consisted of women who handed over their loans to their husbands in recognition of their husbands' responsibility for the collective well-being of the household. This shows that women may transfer loans to their husbands or may involve their husbands on loan-related decisions, due to interdependence in production and

⁷ The study used a multipurpose, quasi-experimental survey in 87 villages of 29 sub districts between 1991 and 1992. About 1,798 households' samples were included in the study, 1538 of which were target households and 260 non-target households. Credit group participants (both men and women) and a control group of non-participants were compared from Grameen Bank, BRAC, and RD12.

consumption within the household. Kabeer (2001) noted that women heads of households, women with entrepreneurial competence, and women who had an extremely conflictual marital relationship had independent control over loan-related decisions within the household.

Kabeer (2001) found that access to credit had enabled women borrowers to acquire their own assets or savings, which consequently contributed to women's economic autonomy and enhanced their fallback position. Furthermore, she pointed at the positive contributions of women's participation in microfinance to girls' education and women's self-worth.

On the other hand, Kabeer (2001) also showed that access to finance did not "radically" alter the existing gender division of labour within the household. She observed that access to credit by women did not alter the range and the type of economic activities that female loanees carried out. In her study, female loanees were involved in a limited number of economic activities compared to male loanees, and they continued to engage in female traditional activities. Kabeer's evidence also demonstrated an increase in women's workload due to involvement in microfinance-related activities. However, according to Kabeer, borrowers did not consider this as negative because of the benefit they acquired from their participation.

Holvoet (2005) has assessed and compared the impact of two microfinance programmes⁸ on women's decision-making agency in India. She examined seven areas of decision issues, including loan uses, expenditure, money management, kinship and family matters, time and task allocation, agricultural business and cottage industry. She identified four types of decision-making arrangement i.e., female decision-making, male decision-making, bargaining and norm-following, and evaluated how microfinance targeted to males and females affect decision-making arrangement within the household. The study found that, compared to women in male loanees' households, women who received loans in their own names are more likely to make independent decisions than to follow norms. The evidence suggests that channelling credit directly to women is more likely to improve women's authority over loan use decision-making than directing credit to their husbands.

A recent study by Pitt, Khandker and Cartwright (2006) compared the effects of women's and men's participation in credit programmes on a range of empowerment indicators⁹. The result demonstrated that microcredit provided to women increases women's role in household decision-making, access to and control over finance and economic resources, social networks, and bargaining power vis-à-vis their husbands. In addition, women's participation in credit programmes was found to enhance women's freedom of mobility and their social network, while it improved communication between spouses regarding fertility and parental affairs. Conversely, the effects of men's borrowing was found to be negatively associated with women's empowerment, particularly in the areas of women's control over resources, finance, mobility and network, fertility and parenting matters. Moreover, the study revealed that men's credit programme participation was more likely to intensify conflicts among couples over loan uses, while women's access to credit was more likely to reduce money-related conflicts within the household. This research offered a very illuminating picture of how credit targeted to men and women may affect intra-household

⁸ The Integrated Rural Development Programme (IRDP) and the Tamil Nadu Women's Development Programme (TNWDP).

⁹ This includes decisions related to resources, finance, transaction management, mobility and networks, activism, fertility and parenting issues, attitude and husband behaviour, family planning and parenting issues.

gender relations in a contradictory manner. The researchers concluded that extending credit to women had contributed to women's empowerment positively, while men's credit had perpetuated or worsened women's subordinate position within the household.

A recent study by Osmani (2007) examined the impact of women's borrowing on intra-household bargaining power in Bangladesh. Osmani used three indicators to determine whether participation in a microfinance programme affected a woman's bargaining power within the household. The bargaining indicators used in the study included the amount of land owned by women, the value of women's non-land assets, and women's judgment of how well she would be able to support herself if left alone. The study demonstrated that women's access to microcredit enhances women's bargaining power by increasing the amount of women's land and non-land assets, and by enhancing women's ability to maintain themselves economically outside marriage. The study also revealed that the effect of the credit programme would be stronger if a woman were to engage fully and independently in credit-financed activities, without being dependent on men for some of the tasks, such as marketing. She noted that socio-cultural factors limit the potential effect of microfinance programme outcomes on women's empowerment/gender relations.

b. Negative research results

This section reports on studies that have emphasized the negative outcomes of microfinance to women, but without totally ruling out the potential positive contributions of microfinance to women's empowerment. Several impact assessment studies, again mostly in Bangladesh, came up with conclusions that seemingly contradict findings in the previous subsection.

One of the studies most widely cited in the literature was conducted by Goetz and Gupta (1996) in Bangladesh. The study used "managerial control" over loans as an indicator of women's empowerment. They categorized women's "managerial control" over loans into five categories, based on the roles that women played in loan-related productive processes. The degree of control ranged from "full control", a situation where women controlled the entire productive process including marketing, to "no involvement", a situation where women had no role in any of the productive process. The study found that slightly more than a third (37%) of women loanees had "full" or "significant control" over their loans compared to the majority (64%) of women loanees, who fell into three categories of having "partial", "limited" or "no control" over their loans. The study concluded that there is a high degree of loan control by men that may reduce women's opportunity to earn an independent income within the household. They also discussed the possible negative effects of women's loan transfer to men, especially if men are unable or unwilling to provide the weekly instalment for loans they have used. According to the researchers, such a scenario may compel women to substitute funds from other sources to fulfil their loan repayment obligations. In addition, they noted that men's failure to provide a weekly instalment may also lead to an intensification of conflicts and violence against women within the household.

Finally, Goetz and Gupta (1996) concluded their study by pointing out the need to address women's gender-related constraints, such as lack of access to the market, productive skills and technology, in order to reduce their dependence on men, and consequently increase women's control over loans.

A similar study by Ackerly (1995) explored the pattern of women's control over loans in three microfinance programmes in Bangladesh. She used women's "knowledge of

accounting” as an indicator of empowerment. She assumed that specifically those women who had knowledge of input costs of the loan-funded enterprises, its product yield, and its profitability are empowered. The study revealed that selling products, keeping accounting records, and providing labour to the loan-funded enterprises contribute to women’s “knowledge of accounting” or empowerment. The study demonstrated that women’s access to the market is the most important pathway through which women can achieve empowerment. Ackerly suggested that providing labour to the loan-funded enterprises alone may not necessarily promote women’s empowerment. She illustrated that a substantial proportion (70-83 percent) of women provided labour to the loan-funded enterprises, but the proportion of women who had accounting knowledge varied between 49 and 62 percent. Thus, if loans are used only to mobilize women’s labour without improving women’s access to the market, the outcome of microfinance for women would only result in overwork and fatigue for women.

An anthropological study by Rahman (1999) demonstrated how microfinance aimed at women may lead to the intensification of violence against women in Bangladesh, due to the prevailing gender ideologies that operate within formal and informal institutions. About 70 percent of women borrowers in his study reported an intensification of violence against them. According to Rahman, Grameen Bank officers manipulate men to recruit women for loans, and pressurize poor women to repay loans through peer groups. At the household level, men exercised power to persuade women to access loans for their own usage. The study found that in the majority of the cases (over 70%), the decisions to take a loan and on how to use it were made by borrower husbands’ and male guardians. The study uncovered the contradictions between Grameen Bank’s “public transcript” of targeting women, i.e. women’s economic and social empowerment, and the “hidden transcript” at the field level, i.e., high loan recovery.

As shown above, the debate on the impact of microfinance on women was largely fuelled by studies in Bangladesh, pioneer in microfinance targeting women. In Africa, there is a dearth of information on how microfinance programmes affect gender relations within African households. The studies by Mayoux (2001a, 1999) and Johnson (2005) offer important insights about the potential impact of microfinance programmes on gender relations, but focus on gender barriers that hinder the process of gender transformation through microfinance. In Cameroon, Mayoux (2001a) showed that programmes that promoting social capital as a means to improve women’s position increase women’s ability to negotiate changes within the household. However, women’s ability to expand their business and earnings was largely constrained by gender hierarchies that operate at household, kinship and community levels. Mayoux also indicated that women’s access to microfinance programmes may reinforce women’s expenditure responsibilities and work burden within the household.

Johnson (2005) examined how gender relations within and beyond the household may facilitate or hinder microfinance programme outcomes on gender relations in Malawi. Unlike the studies in Bangladesh, she found that only in about 10-18 percent of the cases men were involved in loan use decision-making within the household, suggesting women’s loans were used by women or for joint businesses. This means that women had substantial control over their loans. The reason is that married women in central Malawi traditionally exercise autonomy to undertake small businesses in order to meet their own expenditure priorities within the household. Johnson concluded that access to credit indeed increases women’s independent income, but various gender constraints (including women’s lack of

business skills and experience, lack of access to market networks, and domestic obligations) tend to keep women from expanding their business and contributing significantly to the household economy.

c. Explaining and reconciling the contradictions

The literature reviewed above provides a mixed and incomplete picture regarding the impact of microfinance to women's empowerment. On the one hand, there is a consensus that extending microfinance to women has the potential to contribute to gender equality or women's empowerment objectives. On the other hand, seemingly contradictory conclusions are offered by studies about the impact of microfinance on women's empowerment. Several writers have examined the reasons for the prevailing mixed and seemingly conflicting conclusions (see Osmani, 2007; Johnson, 2005; Shetty, 2004; Kabeer, 2001). In the following paragraph, several explanations are forwarded to explain the mixed results in relation to the microfinance programme outcomes discussed above.

Contradictory evidence across contexts: some of the findings discussed above provide contradictory evidence, even within the studies that claimed empowering effects of microfinance on women. For example, Kabeer (2001) reported an increase in girls' education due to women's involvement in microfinance programmes, but Pitt and Khandker (1996) reported the limited effect of women's borrowing to girls' education. Rahman (1999) found an intensification of violence against women, while Hashemi et al., (1996) reported a reduction in violence against women. The study by Hashemi et al., (1996) also observed conflicting evidence regarding women's control over loans (enterprises). In some villages, women fully controlled loan-funded enterprises, while they had no control in other villages. As Shetty (2004) noted, "...no reason to doubt the evidence....., but it offers a lesson in the complexities of researching so-called lived experiences" (pp 15). This leads to the conclusion that microfinance may be empowering in some contexts and not others, for various reasons.

Conceptual issues: empowerment is a multidimensional concept and a process that involves "enabling factors" and "outcomes" (Malhotra, 2002; Kabeer, 2001). Kabeer (2001) differentiated between "process-related" and "outcome-related" changes to explain the seemingly conflicting conclusions of studies on microfinance and women. She defines "process-related" changes (such as the decision to take loans, loan and income use, labour allocation) as "the hypothesized pathway through which empowerment is believed to occur", and she defines "outcome-related" changes (such as resource ownership, bargaining power) as final achievements or a transformation in gender relations¹⁰. This means "processes" are "enabling factors" for the realization of transformative outcomes in gender relations. Most of the positive studies that examined "outcomes" or "achievement" indicators concluded that microfinance contributes to women's empowerment. However, studies that focused on "process-related" indicators (such as loan use decision-making, increased incomes), reached a conclusion about the limited or the negative effects of microfinance on women's empowerment. Hashemi et al (1996) used both "outcome-

¹⁰The process captures decisions related to loan access, loan use, loan-funded activities, labour contribution in loan-funded activities, the marketing of loan-funded products, accounting control, training, and group participation. Outcomes is about enhanced self-worth, an increased (perceived) economic contribution, an enhanced role in minor and major decisions, exercise in purchasing power, mobility in the public domain, political participation, the reduction of domestic violence, the increase in women's savings and assets, a reduction of gender gaps in well-being and education, greater social inclusion, and self-reliant livelihoods (Kabeer, 2001:pp 81).

related” and “process-related” indicators of empowerment, and showed that even when women loose control over their loans (“process-related”), they can be empowered in the other empowerment outcomes. However, they emphasized the importance of the “enabling factors” in contributing to other empowerment outcomes. Hence, it is possible to suggest that the empowering impact of microfinance on women may vary, depending on the empowerment dimension analyzed.

The seemingly conflicting conclusions can also be explained in terms of the difference in the judgments of researchers concerning the type of change that is considered as evidence of women’s empowerment (Kabeer, 2001). For example, Goetz and Gupta (1996) seemed to pay little attention to the “interdependence” and “exchange” in household resource allocations, and tended to portray the “empowered” women as having significant and full autonomy in loan use decision-making. On the other hand, the positive evaluation by Kabeer (2001) overemphasized the concept of “cooperation” or “jointness”, with little attention paid to the extent to which women influence decisions in such a cooperative arrangement. As Montgomery et al., (1996) argued, “joint” decision-making may also reflect disguised male influence in decision-making.

Methodological issues: conflicting outcomes may also be related to the use of different methodologies. This refers, for instance, to which “process-related” proxy indicators have been used and whether these indicators measure what they intend to measure or not. In the studies of Goetz and Gupta (1996) and Ackerly (1995), it remains unclear to what extent women influence household decisions about loan investment, since the researchers mixed loan use decisions with implementation or “management” decisions (such as selling, buying, or labour involvement) (Kabeer, 2001). In other words, the researchers did not directly assess loan use decision-making within the household, and the proxy indicators they used may not fully measure what they intend to measure. The positive evaluations by Kabeer (2001) and Holvoet (2005), however, did assess directly whether or not women have a say over loan use decision-making within the household.

Finally, studies that used qualitative methods (such as Johnson, 2005; Goetz and Gupta, 1996) paid special attention to gender analysis and were able to identify the potential negative consequences of microfinance programmes for gender relations. The positive evaluations, on the other hand, were based on statistically significant relationships between variables (Pitt, Khandker and Cartwright, 2006; Pitt and Khandker, 1996) and were unable to provide a detailed gender analysis of impact.

Limited or partial evidence: only a few studies looked at the gender division of labour. In addition, existing studies regarding the effects of women’s access to microfinance on labour allocation seemed to be inconclusive. Ackerly (1995), Goetz and Gupta (1996), and Pitt and Khandker (1996) suggested that women’s labour supply to loan-funded activities may contribute to women’s empowerment. They also found an increase in women’s labour supply to loan-funded activities, but the researchers offered different conclusions. Ackerly (1995) and Goetz and Gupta (1996) emphasized that labour contributions to the loan-funded enterprise alone do not necessarily contribute to women’s empowerment unless women participate in marketing the loan-funded product. Their finding suggested that microfinance may overload women without any substantial change in women’s income or their control over their earnings. Yet the evidence is limited. Pitt and Khandker (1996) regarded women’s increased time spent in loan-funded enterprises as empowering for

women. Yet, they did not investigate whether or not microfinance leads to overwork for women.

Socio-economic and cultural difference: the final point which may explain the conflicting conclusion of researchers relates to variation in the socio-economic contexts of study areas. Although women in Bangladesh may experience similar socio-economic, cultural and religious contexts in its broadest sense, there could be some difference between different regions or localities within the country. Hashemi et al., (1996) showed variation in women's degree of control over loans in different villages in their studies. They also highlighted how in some village competition over scarce resources between men and women may affect empowerment outcomes at the expense of women.

By contrast, the studies in Africa paint relatively different pictures. Women's control over loans and earnings in the region seemed to be partly facilitated by women's traditional involvement in market-oriented activities and traditional expenditure responsibilities within the household. Unlike in Bangladesh, the evidence in Africa suggested that women borrowers mostly control their loans and related profits. The difference in microfinance programme outcomes in the two regions may be explained in terms of difference in local gender systems and economic organisations. On the other hand, similar to women in other regions, gender barriers at the household and the societal levels also hinder African women from expanding their businesses and incomes. Hence, local contexts of gender relations and socio-economic situations may affect microfinance programme outcomes in different societies differently (Johnson, 2005).

In most studies, women are treated as a homogenous category while they differ in terms of age, class, religion, occupation, marital status, etc. For example, Kabeer (2001) showed that female-headed households are more likely to influence loan-related decisions than other women. This means that microfinance programmes may have a different effect on different women (Osmani, 2007).

2.4 Microfinance and HIV/AIDS pandemic

As discussed in Chapter one, in the last few decades, the poverty situation in Sub-Saharan Africa has been fuelled by the widespread HIV/AIDS pandemic, which drains the resource bases of households and nations. It has been increasingly recognized that poor households in these countries are hit the hardest by the pandemic, as their resource base is severely strained by the loss of adult labour, substantial expenditures for the treatment of AIDS-affected family members and other related expenses, such as funeral and mourning (NAADS¹¹, 2003). Concerns are also emerging about the potential negative economic impact of the HIV/AIDS pandemic on microfinance programme clients' households' as well as on microfinance institutions. This is apparent, given the fact that most microfinance institutions work with low-income households, which have limited resource bases to cope with economic shocks, including those caused by the HIV/AIDS pandemic.

Illnesses and deaths caused by HIV/AIDS may have different implications for the behaviour of clients and their households and, consequently, for resource allocation decisions within the household. HIV/AIDS-related deaths, illnesses, medical and funeral expenses, caring for sick people and orphans, appear to undermine the economic activities

¹¹ The National Agricultural Advisory Services.

of microfinance clients (Barnes, 2003; Parker et al., 2000). This is because loans may be diverted from being invested in economic activities to cover HIV/AIDS induced expenses. Some studies showed that HIV/AIDS-affected microfinance client households struggle to respond to the economic shocks caused by HIV/AIDS by requesting small loans (Parker et al., 2000), and consequently changing the types and the volumes of their businesses (Donahue et al., 2001). Evidence indicated that illness of family members was one of the reasons for female clients to withdraw from credit programmes (Barnes, 2003; Johnson, 2005). Research also showed that women borrowers had reduced time spent in their businesses in order to take care of HIV/AIDS-affected individuals, including sick people and orphans (Barnes, 2003). Due to the gendered nature of care both within the household and in the community, the HIV/AIDS pandemic may have far-reaching implications for the workload and business of female clients. A higher level of client absenteeism in group meetings and increasing illness among microfinance programme clients was observed in some programmes, which could be partly due to the HIV/AIDS pandemic (Parker et al., 2000). In general, HIV/AIDS may endanger the success and sustainability of microfinance programmes in terms of poverty alleviation and loan repayment.

On the other hand, the assumption about the potential role of microfinance institutions in the prevention and mitigation of the impacts of the HIV/AIDS pandemic is also widespread. It is widely mentioned in literature that microfinance interventions have that potential in the fight against HIV/AIDS, by providing financial products that suit households affected by the pandemic, and by enhancing the economic independence of HIV/AIDS risk groups, especially women and girls (Haddad and Gillespie, 2001; Lugalla, 2002). In addition, the saving and credit group meetings proposed by microfinance clients are viewed as an important arena to disseminate information about the virus to clients (Donahue, 2000; Parker et al., 2000).

2.5 Concluding remarks

The literature discussed in this chapter offered some insight into the rationales for targeting women in microfinance programmes, and into the potential effects of such programmes on women's empowerment or gender equality. It briefly described the relation between microfinance and HIV/AIDS. Several issues have emerged from the literature review presented. Firstly, women's participation in microfinance programmes may not always and not automatically lead to women's empowerment. Secondly, the existing literature on the impact of microfinance on women's empowerment provides conflicting conclusions largely due to conceptual and methodological limitations. There was some difference between researchers as to what constitutes women's empowerment, the dimensions of empowerment analyzed, and the way it is measured. Thirdly, although the gender division of labour is one of the areas that might be affected by women's borrowing, on this little work has been done so far. Finally, there is a lack of comparative studies that assess the impact of microfinance on women's empowerment in various socio-cultural and economic settings. Despite the fact that microfinance works mostly in low-income countries where the prevalence of HIV/AIDS is high, little is known to date about how the pandemic potentially affects gender divisions of labour in microfinance client households.

Hence, drawing some lessons from the literature discussed above, this study attempts to incorporate some of the gaps observed in the existing literature. First, in order to provide a comprehensive picture of the possible effects of microfinance on intra-household resource allocation, the study focuses on the key aspects of gender relations, namely the gender

division of labour and household decision-making. Secondly, the study seeks to explore the determinants of intra-household resource allocation (loan use, income use, labour) within the household. Thirdly, using a comparative analysis, the study seeks to explain how formal and informal institutions may affect programme outcomes in different communities. In the fourth place, the study attempts to incorporate the perspectives and the testimonies of borrowers, and also employs different data collection techniques.

CHAPTER 3 CONCEPTS AND THE THEORETICAL FRAMEWORK

3.1 Introduction

The literature reviewed in the previous chapter shows that the results of microfinance impact assessment studies on women's empowerment are complex. It has revealed that access to microfinance by women does not necessarily and automatically transform unequal gender relations within the household. It has also demonstrated that the existing studies appear to be partly conflictual, due to differences in conceptualizing and interpreting key concepts. Hence, there is a need to clearly define the key concepts in the study.

The study recognizes that women's participation in microfinance and their ability to influence intra-household resource allocation outcomes are inextricably linked to the institutional contexts in which their lives and relationships are embedded. This requires framing the analysis of intra-household household resource allocation within the wider institutional contexts. The conceptual framework is designed to explain the complex and dynamic resource allocation arrangements within the household.

This chapter has three main objectives. Firstly, it defines and conceptualizes the main terms used in the study, including the household, gender, gender system, household decision-making, and empowerment. Secondly, it discusses the theoretical approaches of the study, - the bargaining household models and their application in the study. Thirdly, it describes the conceptual model of the study and explains the various components of the model.

The chapter is organized as follows. The first six sections (3.2 to 3.5) provide operational definitions of the key terms used in the study, including the household, gender, household decision-making and empowerment. Section 3.6 presents the theoretical approach of the study. It begins by discussing the traditional household model, followed by the bargaining household models. Section 3.7 discusses the application of the bargaining models in the study. The final section discusses the conceptual framework of the study. At the end of the chapter, the diagram of the conceptual framework of the study is presented.

3.2 The household

The household has been the focal point of analysis in development policy and planning. It has been largely conceptualized as a basic unit of society involved in production, consumption and reproduction. Traditionally, the household is perceived as an undifferentiated unit (McGough, 1984). However, anthropological studies on kinship and family systems and feminist critics of the household have demonstrated that there are wide cultural variations and dynamics in household arrangements (Moore, 1988; Whitehead, 1984; Harris, 1984; Goody, 1973). The types of household tend to diverge broadly across cultures, ranging from nuclear families in the West to the complex extended family systems in much of Africa and South Asia (Mayoux, 2004). Moreover, the structures, compositions and boundaries of the household are subject to constant restructuring, due to various internal and external factors (Moser, 1993).

Various definitions are offered in the literature to conceptualize the term household. For example, according to the Ethiopian Central Statistics Authority (2004:10), the household constitutes "... a person or group of persons, irrespective of whether related or not who

normally live together in the same housing unit or group of housing units and who have common cooking arrangements”. This definition describes the household mainly in terms of common residence and cooking arrangements. This conceptualization is silent about other functions of the household, such as resource management. Part of the reason could be that the definition is used for the purpose of a large-scale survey and census. Pennartz and Niehof (1999) define the household as a social unit that pools income from various sources to ensure individual and collective basic needs and well-being. They recognize the co-existence of individual and collective interests within the household and assume that household members pool their incomes to address individual and collective needs. Pennartz and Niehof (1999) stress the production and consumption functions of the household, with little emphasis on the different power hierarchies within the unit.

Rudie (1995:228) provides a broader conceptualization of the household, “as small units in which primarily familial loyalties have to come to terms with some requirements for efficient resource management [...] [These] are fields of interaction in which deep-seated features of the gender system are reproduced through social practices that seem particularly resistant to analytical penetration”. From this definition, three important attributes and functions of the household can be drawn: family-based loyalty, resource management and gender socialization. Rudie recognizes that the household is primarily a family-based institution where members somehow collaborate for efficient resource management. It is increasingly recognized that the household is an important site for the construction of gender identities, gender roles and relations (Rudie, 1995; Brydone and Chant, 1989; Harris, 1984).

The study departs from an all-inclusive definition of the household, which is *a family-based co-residential socio-economic unit where members organize production, consumption and resource allocation decisions individually and/or collectively to address their individual and/or collective needs, and where gender identities are constructed and reproduced*. This definition permits the inclusion of the different forms and structures of households, such as monogamy, polygamy, women-headed, nuclear, or extended. It also helps to capture the possible (co-)existence of autonomy, interdependence and subordination exhibited in intra-household relationships and interactions.

3.3 Gender

Jackson and Scott (2002:1) have offered a broader conceptualization of the term gender, which is: “...a hierarchical division between women and men embedded in both social institutions and social practices”. Gender as a sociological concept captures the social construction of masculinity and femininity and explains the systematic social ordering of relationships between men and women in social institutions. It is “produced, reproduced, negotiated and sustained through everyday human interaction” (Jackson and Scott, 2002). Gender intersects with other social divisions such as class, ethnicity, race, etc (Jackson and Scott, 2002; Moore, 1988).

Despite diverse cultural conceptions and differences, gender relations in many societies are characterized by inequality and tend to be hierarchical, with women being subordinate to men. The categorization of all areas of life into male and female and the related hierarchical distinctions are referred to as the “gender system” (Duncan, 1995). In different societies, culturally specific and socially valued gender norms and ideologies often define the gendered division of labour, entitlements and rights, which is summarized in so-called

place- and time-specific gender contracts (Baernds, 1994). A gender ideology refers to the socio-culturally determined and sanctioned norms in a given society, which systematize gender hierarchies and relations. Accordingly, women and men in different societies have different (also sometimes overlapping) roles and responsibilities within their households and within the wider communities. Men and women often have different degrees of access to and control over resources and decision-making power over the matters that affect their individual and family life as well as society at large. The gender divisions are also shaped by various factors, including socio-economic, political, legal, and religious factors and can also be constructed, reproduced and transformed due to changes regarding these factors (Baerends, 1994).

The gender division of labour (often called the sexual division of labour) is one aspect of the gender system exhibited in every society. Mackintosh (1981) provides a simple definition of the gender division of labour: a division of labour along gender lines. A broader definition is offered by Whitehead (1981:95): “by the sexual division of labour is meant not merely a list of men’s jobs and women’s jobs, nor indeed a set of cultural values about the suitability of various activities to the gender categories, but rather a system of allocating the labour of the sexes to activities, and highly importantly, a system of distributing the products of these activities”. This definition allows a deeper analysis and understanding of the gender divisions, beyond the surface of assigning tasks to the sexes. It includes the systematic distribution of work between men and women, and the distribution of the fruits of their labour. Similarly, Razavi and Miller (1995) have noted that the gender division of labour does not only determine the different activities that are undertaken by men and women, but also entails the complex and dynamic system of cooperation and exchange that is potentially conflictual. Anthropological studies in the developing countries have shown that the gender division of labour within the household involves different forms of exchange and reciprocity (Guyer, 1984; Jones, 1983).

The gender division of labour has long been an interest to feminists in their analysis of women’s subordination in societies. Rosaldo (1974) has used the term “domestic-public divide” to explain the ‘universal’ subordination of women. According to Rosaldo, women are primarily engaged in the domestic sphere due to their role as ‘mothers’, while men work in the public domain. She has asserted that “...the domestic orientation of woman is felt to be a critical factor in understanding her social position” (p 24). Rosaldo (1974) has suggested that the abolition of the gender-based domestic division of labour is the main pathway through which women gain power and status. Moreover, women’s status is determined by their access to resources, the condition of their work, and the distribution of the product of their labour (Leacock, 1978 cited in Moore, 1988). Mackintosh (1981) has offered some explanation on how the gender division of labour may explain women’s economic subordination. She has noted that in the industrial sector, women are often segregated in low-paying jobs with poor working conditions, while in a similar vein, in household-based activities women get a meagre share of the benefits, despite their important contributions. This may partly explain women’s economic dependency on male family income earners.

The division of tasks between the sexes is characterized by inequalities because, in most traditional societies, women perform the great bulk of physically demanding domestic chores, while they are also engaged in production outside the household (Benería and Sen, 1982). Women’s exclusive responsibility for domestic activities tends to restrict their mobility to take up outside employment or to engage in cash-earning activities (Benería and

Sen, 1982; Mackintosh, 1981). Even when women take employment outside the domestic sphere, they are often responsible for the bulk of domestic work (Bock, 2004). The gender division of domestic labour is often perceived as unchangeable because it is considered 'natural' (Baerneds, 1994). Boserup (1970) has noted that the limited change observed in the division of labour between the sexes, particularly in the domestic sphere, seems to reinforce the assumption that such divisions are inalterable. Women's association with the domestic domain is deeply entrenched in gender ideologies (Kabeer, 1999).

Still, there is temporal and spatial variation in the gender division of labour (Moser, 1993; Macintosh, 1984). Various researchers have contended the universalized conception of the gender division of labour by illustrating the prevailing cultural variations in the organization of labour in different societies (Guyer, 1980; Boserup, 1970). Boserup (1970) has documented the roles and the extent of agricultural labour contributions of men and women in selected counties in Asia and Africa. She has suggested that the organization of labour between the sexes is shaped by the demographic factors and the types of farming systems (also technology) in these regions. Her findings have shown that in the sparsely populated regions where shifting cultivation was practiced (Africa), women had a more significant labour input in farming than their husbands, while the opposite was the case in the densely populated regions (Asia) where plough cultivation was used.

Following Cloud (1985), the gender division of labour in agriculture depends on the types of crop under cultivation, the types of activities (sex-typing of activities e.g. men do the ploughing, women the transplanting), and the type of crop field (female-managed, male-managed, etc). Men and women may share and perform identical tasks on the same crop, mostly when activities are labour-intensive and require labour input from both men and women. In female-managed farming systems, men have a limited role in farming, due either to their temporary (out-migration) or their regular absence (which is the case in *de jure* female-headed households).

In order to elucidate the multifaceted nature of women's work in low-income households, Moser (1989) has formulated the "triple role model". She has divided women's work into productive work, reproductive work, and community managing work. Productive work involves tasks performed by households to produce goods and services (farming, trading, handicrafts, etc) for their own consumption and for marketing, while reproductive work refers to work (such as childcare, cooking, cleaning, fetching water, caring for the sick, etc) undertaken within households for the maintenance of household members and labour power. Community managing refers to the communal activities performed by different households for communal benefits. This formulation is crucial to make women's work more visible, including work done in the productive sphere, which is traditionally conceived as men's exclusive domain, and also to appreciate the potential workloads of women.

Bock (2004) provides a framework to analyze women's employment in three distinct but interrelated elements at the structural level (the organization of the labour market), the cultural level (gender ideology about women's and men's work, e.g., the assignment of domestic work to women), and the individual level (education, age, etc). The framework helps to understand how men and women do not spontaneously allocate their labour to different activities. Their choice may be restricted or facilitated by various factors at the structural, cultural and individual level.

3.4 Household decision-making

Decision-making is an everyday activity that households and their members undertake in different areas of their individual and collective lives. It is a dynamic process of social relations without a beginning and an end (Wilk, 1989). Decisions are made among various alternative choices, and power is exercised when there is more than one individual who is directly or indirectly affected by the respective decision-making outcomes. Blood and Wolf (1960) define power between married couple as the potential ability of one partner to influence the behaviour of the other in the decision-making arena of family life. This ability to influence allows a partner with power to pursue his/her own desire against the will of the other, even when disagreement is explicit (Falbo and Peplaus, 1980, cited in Engle, 1990).

Olson and Cromwell (1975) have discussed the notion of the family power structure in the light of its multiple dimensions. They have identified three domains of power, namely the bases of power, the power process, and the power outcome. The bases of power refers to the sources of power, mainly resources (income, education, etc) owned by individuals which are used to enhance their ability to influence family power outcomes. The family power process refers to the interaction techniques (such as discussion, persuasion, assertiveness, negotiation, coercion, etc) that are used by actors to pursue their goals. Finally, the family power outcome refers to who ultimately wins or makes the final decision. This framework may provide some insight into how individual control over socio-economic resources may determine intra-household decision-making outcomes. Yet, it overlooks the ideological factors which may serve as a power base for individuals to influence intra-household decision-making outcomes. Households do not make resource allocation decisions in a vacuum, but in a wider institutional environment (such as the socio-cultural environment) which shapes decision-making outcomes (World Bank, 2001). In many traditional societies, social norms play a significant role in structuring power relations on the bases of age and sex (Katz, 1997). Social norms, values and practices may perpetuate asymmetric power relations through preventing conflicts and making individuals accept the existing social order as given and beneficial to all (Kabeer, 1999).

3.5 Empowerment

The term empowerment is widely used in the development literature and has been the subject of intellectual contention. As already discussed in Chapter 2, one of the reasons for potentially or seemingly conflictual research conclusions resides in the way the concept of empowerment was understood and measured. Hence, it is necessary to have a workable definition of empowerment and identify its key attributes. In the literature, the term empowerment is differently defined by individuals and organizations. In the following paragraph, some of these definitions are summarized.

Kabeer (1999:437) defines empowerment as "... the expansion in people's ability to make strategic life choices in a context where this ability was previously denied to them". She conceptualizes empowerment as a process of change from a state of suppression to an enhanced agency. Agency refers to the ability to define one's goals and act upon them (Kabeer, 1999)

Narayan (2002:5) defines empowerment as "the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives". This definition applies to women as well as other socially

disadvantaged groups. Two groups of actors are central in the definition of poor people: the powerless group and powerful institutions that affect the situation of the poor. An institution can be defined as the “humanly defined constraints that shape human interactions” (North, 1990:3). The major institutions in societies may be either formal or informal, including the market, civil society organisations, the state, and the household. The notion of empowerment is understood in the light of the unequal institutional relations that impede poor people’s assets and ability to act on issues that affect their lives.

CIDA (1999:pn¹²) defines empowerment as “people, - men and women -, taking control over their lives: setting their own agendas, gaining skills, building self-confidence, solving problems, and developing self-reliance”. This definition emphasizes the result of empowerment, i.e. individual achievements. An empowered individual is portrayed as a person who can set his or her own agenda, is skilful and confident, can solve problems and is self-reliant.

Reeves and Baden (2000:3) provide a slightly different notion of empowerment: “a ‘bottom-up’ process of transforming gender power relations, through individuals or groups developing awareness of women’s subordination and building their capacity to challenge it”. They further explain that there is a need for external interventions focused on women (such as awareness raising and capacity building) to facilitate the empowerment process. This definition is specific to gender power relations. It regards women as the key players to bring about their empowerment.

Common to all the above definitions is the concept of power/control and choices, which is used to describe individuals’ ability to influence the direction of their lives. Empowerment is also understood as a process of transformation from a situation of being controlled and having limited choices, to having more freedom and options. There is a more or less common understanding in the definitions of the need to build or expand poor people’s (women’s) capacities and opportunities to challenge the unequal social order.

Narayan’s (2002) notion of empowerment is all-inclusive, because it describes poor people’s powerlessness in the context of wider institutional constraints. The definition recognizes that there is a need to enhance poor people’s assets and capabilities to challenge the unequal institutional relations that disadvantage them. Hence, following Narayan (2002), women’s empowerment is conceptualized in this study as *the process of expanding women’s assets and capabilities to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives*. Women’s empowerment in this context does not imply reversing the existing power relations to the opposite, so that women take control over all matters that were formerly controlled by men (Lakow, 2006). Rather, it implies a transformation of the unequal power relationship into an “egalitarian” relationship, so that women make a strategic life choice in matters affecting their life and that of their families (together with their husbands).

¹² Page note available

3.6 The Unitary and Collective Household Models

3.6.1 The *unitary* household model

During the last decades, the study of household economics has become part of mainstream economics. Traditionally, the household is viewed as a homogeneous unit which maximizes a “single” utility function subject to a budget constraint, a time constraint, and a production function for home-produced goods (Becker, 1965). Inherent in this approach is the assumption that household members pool their resources (such as their income, capital, labour, land) to maximize their “joint” utility. The head of the household, who is often assumed to be a man, is conceived as an “altruist” responsible for the allocation of “household” resources. He determines the total consumption of his household members. He is expected to obtain his utility not only from the goods and services he consumes, but also from the increased utility of other household members (Becker, 1981). The model is often referred to as the *unitary* model, because it assumes that there is a “single” preference and decision-maker within the household. It is also referred to as the “common preference” model, the “altruism” model, and the “benevolent dictator” model (Haddad et al., 1997). This is based on the conception that household members either “share common preferences”, or that “a single decision maker act[s] for the good of household members”, or that “a single dictator subordinate[s] the interests of other household members” (Sen, 1990). Although it is reasonable to assume the existence of interdependent utility and cooperation within households, to assume intra-household relations between members to be conflict-free and equally beneficial to all household members can be misleading (Kabeer, 2001).

The other key feature of the *unitary* household model is the assumption that resource allocation within the household solely depends on total household income and exogenous variables, such as, wage, and price. An increase in household resources is assumed to have the same effect on intra-household distribution, regardless of who received the resource. This is because resources are assumed to be “pooled” in order to address the “collective” needs of household members. Such aggregation becomes problematic unless household members have identical preferences and act the same way (Sen, 1983). In the *unitary* household model, welfare is defined at the aggregate or household level, not at the individual level (Bourguignon and Chiappori, 1992). However, as Sen vividly puts it, “...having no notion of personal well-being - only of family welfare - raises some disturbing questions. Living and dying, illness and health, and joys and sufferings happen to persons...” (1983:329). The widespread gender disparity in educational, health, and employment outcomes in many low-income societies (Hausmann, 2006; World Bank, 2001; UNDP, 1995) is suggestive of a variation in intra-household resource allocations outcomes across gender.

Katz (1991) has identified the two prominent assumptions in the unitary approach related to labour and income allocation decisions that are particularly interesting to feminist analysis. The first relates to the assumption that the household allocates members’ labour in order to maximize a “joint” household utility. The household is assumed to deploy its labour force while taking into account available opportunities and efficiency principles, including wage, prices, technology, land, and family labour endowments (Becker, 1965). The assumption is that the household allocates its members’ labour where the rewards are highest for its utility maximization objective. This assumption becomes problematic for various reasons. First, an exclusive focus on comparative advantage principles tends to disregard the structural gender- and age-specific labour divisions and expectations in many societies (Katz, 1991).

Evidence in the developing countries has demonstrated that gender ideology influence the way household members allocate their labour among various activities (Hossain et al., 2004; Cain et al., 1982). In addition, gender roles in many traditional societies are rigidly defined, resulting in an imperfect substitution between women's and men's labour across different activities, regardless of market factors (Ellis, 1993). Secondly, as it is assumed in the *unitary* model, a given household labour allocation outcome may not be necessarily beneficial to all household members (Katz, 1991; Rosenzweig, 1990). The prevailing social norms in many traditional societies often accord men a higher status, enabling them to enjoy greater leisure (Ellis, 1993; Kopman, 1991).

Katz's (1991) second critique of the *unitary* household model is related to household expenditure and consumption (income) decisions. According to the assumptions in the *unitary* household model, income allocation outcomes within the household are determined by the total household income and not by who obtains or brings home the income. This means that a household member's consumption of a given resource is determined by the total household income, because the income is assumed to be "pooled" in pursuit of a "joint" household goal. The approach does not allow for analyzing gender-based differences in income control and allocation outcomes. Household members may not necessarily pool their incomes to satisfy the collective needs of their members. Ample evidence in the developing countries contradicts the income pooling hypothesis and has shown the existence of gender-specific spheres of responsibility for income generation and expenditure within the household (LeMay-Boucher, 2007; Koopman, 1991; Thomas, 1990; Guyer, 1984).

The criticism of the *unitary* household model has given impetus to several collective approaches to household decision-making that recognize the possible existence of individual preferences and different decision-making units within the household. Several variants of the *collective* models are proposed in the literature. We focus on two strands of collective household models, namely cooperative (divorce-threat) bargaining and non-cooperative (separate-sphere) bargaining models. This is because the combination of the two approaches may provide a better framework to analyze household decision-making arrangements in a situation where couples who have an interest to cooperate encounter conflicting situations.

3.6.2 The cooperative bargaining household model

Manser and Brown (1980) have developed the *cooperative bargaining* household model to analyze marriage and household resource allocation decisions. Their model provides a means to understand how two individuals with conflicting interests who are thinking about marrying or those who have already married reconcile their differences. According to this model, marriage and resource allocation decisions involve bargaining, with each individual comparing the utility he/she acquires from marriage with remaining single or getting divorced: the bargaining solution. Individuals may decide to live together in marriage if the gain derived from marriage is more beneficial than remaining single, or they may choose to remain single (or get divorced) if the maximum utility that they would obtain outside marriage is higher than the utility (to be) obtained within marriage.

The *cooperative bargaining* household model is based on two main assumptions. First, it recognizes that individual household members may have distinct tastes and preferences that cannot be necessarily merged into a "single" or "common" household utility. The bargaining problem arises from such conflicting preferences. The second assumption is that

household resource allocation outcomes do not only depend on the total family resources, but also on who retains control over important resources within the household¹³. According to this model, in a conflict situation, the spouse with a better and attractive economic alternative outside marriage influence household decision-making outcomes in pursuit of his/her goal. Such a person may use a threat of divorce to influence intra-household resource allocation because he/she has a better “fall-back position” in case of a marriage breakdown. On the other hand, a person with a relatively weak “fall-back” position may choose to comply and cooperate with the other party because staying in the marriage provides him/her with a better utility than divorce. This entails that both stay within the marriage as long as they maximize their utilities within it; they prefer divorce if the benefit derived from divorce (their outside option) is more attractive than staying married. Several empirical studies in the developing countries have demonstrated that resource allocation within the household varies systematically, depending on individual resource ownership (Pitt et al., 2006; Quisumbing and Maluccio, 1999; Pitt and Khandker, 1996, 1998; Hashemi et al., 1996; Doss, 1996; Thomas, 1990). For example, Doss (1996) found in Ghana that the relative assets owned by women positively affect household expenditures on food and education of children, while it is negatively associated with men’s traditional expenditures such as alcohol and recreation. As described in Chapter 2, a microfinance impact assessment study in Bangladesh by Pitt et al (2006) has shown that microfinance provided to women enhances women’s bargaining power within the household vis-à-vis men, while microfinance provided to men reduces the likelihood of women’s empowerment. Evidence reported for Bangladesh, Indonesia, Ethiopia and South Africa by Quisumbing and Maluccio (1999) also indicates that assets controlled by women have a positive and significant effect on the education and clothing of children. In Ethiopia, Fatchaps and Quisumbing (2002) have found as well that women who brought more land and livestock at the time of marriage or through inheritance have more say in decisions concerning land rental and the selling of livestock.

The *cooperative-bargaining* household model has made a great contribution to the understanding of the household as “black-box”, by recognizing the different preferences and multi-decision-making units within the household. However, it has been criticized for its exclusive focus on economic resources and opportunity as a source of individual bargaining power. Several writers have argued that intra-household resource allocation is too complex to be explained only on economic grounds (Sen, 1990; Folber, 1997; Agarwal, 1997b). In many societies, social norms tend to mediate in the bargaining process and reduce women’s bargaining power compared to that of men (Folber, 1997, Katz, 1997; Agarwal, 1997b). Moreover, the model is criticized for treating individuals in a household symmetrically with respect to their rights and abilities to enter into the bargaining process (“voice”), and for disregarding the possibilities of differences in socio-economically constructed opportunities and alternatives faced by different household members (“exit” option) (Katz, 1997). In different societies, men and women may have a different ability to enter into a bargaining process and to exercise their power. This means that although bargaining outcomes may not always be the result of an explicit negotiation between the negotiating parties, it could be the result of inherent differences in the bargaining power of

¹³ McElroy (1990, 1997) has identified various economic opportunities and resources, including employability, family wealth, the re-marriage market, etc, rules governing marriage and divorce, public and private resources available to divorced men and women, to measure women’s and men’s economic capability to maintain themselves in case of divorce. “She refers to such opportunities and resources as “Extra-household Environment Parameters” (EEPs).

individuals (Agarwal, 1997b). Several social factors may also hinder individuals from using their available “exit” options (Katz, 1997) and, as a result, individuals may be compelled to accept the legitimacy of any decision made by others. In addition to economic variables, gender differences in roles (including perceptions) and opportunities may significantly affect men’s and women’s bargaining power within the household (Katz, 1992; Sen, 1990). For example, women’s frequent pregnancies, child-rearing responsibilities, and gender disparity in education may weaken women’s break-down position (Sen, 1990). This means that gender biases regarding access to resources and opportunity may significantly undermine a woman’s economic options outside marriage, and may consequently limit her bargaining power.

The other limitation of the *cooperative bargaining* household model is that it considers divorce as the only solution to solve conflicting interests within marriage. Although, divorce may be the final option in a conflictual marital relationship, it cannot be assumed to be the only solution (Lundberg and Pollak, 1997). Especially in everyday interactions and small household decisions, couples may not use a threat of divorce to influence intra-household resource allocation outcomes (McElroy, 1997). Furthermore, divorce may not serve as a credible threat when it involves costly and time-consuming procedures (Lundberg and Pollak, 1997), and when there is divorce restriction (Pollak, 2003). Hence, the *bargaining* model does not provide a mechanism through which married couples resolve their day-to-day conflict of interests over “trivial” matters and/or in a context where divorce involves “huge” cost and time-consuming procedures.

3.6.3 The non-cooperative bargaining model: separate-sphere

The *non-cooperative*¹⁴ household model is proposed as a utility maximization strategy within an existing marriage, in which each spouse views the other spouse’s action as given (Chen and Woolye, 2001; Lundeberg and Pollak, 1997; Katz, 1997). The main theoretical underpinning of the non-cooperative bargaining model is the assumption that household members are restricted to self-enforcing contracts instead of abiding by a bargaining rule, which is implicit in the *cooperative bargaining* model (Pollak 2006; Chen and Woolye, 2001; Katz, 1997). It is referred to as *non-cooperative* because the degree of coordination required within marriage is assumed to be limited (or largely non-cooperative).

The *separate-sphere* household model is one strand of the *non-cooperative* bargaining household model developed by Lundeberg and Pollak (1993). It is based on Cournot-Nash’s framework, which assumes that individuals make resource allocation decisions (regarding, for instance, labour and income) to maximize their own utility while taking their partner’s action into account as given. The model has been developed to analyze intra-household resource allocation in a less cooperative marriage, or when divorce involves a considerable transaction cost (Lundeberg and Pollak, 1993). . The main theoretical foundation of the *separate-sphere bargaining* household model is the assumption that a non-cooperative equilibrium, which is defined in terms of a traditional gender division of roles and responsibilities, serves as a utility maximizing strategy within an existing marriage. This means that each marriage partner makes independent decisions in their respective gender-specific spheres to maximize their own utility, subject to their own resource constraints (Lundeberg and Pollak, 1993). The model assumes that there is a certain level of interdependence within a non-cooperative marriage, particularly with regard

¹⁴ In the literature three main variants of non-cooperative household models are proposed including Cournot-Nash, alternating offer (Ariel and Rubenstein, 1982) and Principal-Agent.

to the consumption of public household goods (such as meals) and services (child care). Couples are not expected to explicitly bargain or negotiate to make decisions and to make their voluntary contributions to the household. Rather, they are assumed to follow the socially sanctioned gender division of labour (Lundberg and Pollak, 1997, 1993), and may make a reciprocal claim on each others resources (Haddad et al., 1997).

The *separate-sphere* household model assumes that intra-household resource allocation outcomes may vary, not only on the total household income, but may also depending on who earned a certain income within the household. Using the *separate-sphere* model, Lundberg and Pollak (1993) and Lundberg et al., (1996) analyzed the allocation effects of child allowance schemes in two parents' families in Britain. Both studies showed that child allowance schemes paid either to the mother or to the father can have different distributional effects. The finding suggested that the spouse who received the cash transfer determines how the cash is spent. This is in contrast to the cooperative bargaining model, which assumes that such allocation is determined by an individual's relative resource control, irrespective of who received the cash transfer. A recent study from Benin by LeMay-Boucher (2007) also indicates that an increase in a woman's income determines her private and public good consumption in favour of her preferences.

The main difference between the *cooperative* household model and the *non-cooperative* household model is to the specification of the threat points, and their distributional outcomes. In the former, divorce serves as a threat point, while in the latter, it is a non-cooperative arrangement based on traditional gender roles and expectations. In the *cooperative* household model, intra-household resource allocation outcomes are assumed to vary, depending on individual control over important resources and opportunities, which allow the person to economically maintain himself/herself outside marriage. In the *non-cooperative* model, on the other hand, the person who earned a particular income is assumed to influence resource allocation outcomes in favour of his/her preference.

The *separate-sphere* model is useful to analyze household decision-making in a context where men and women undertake in separate economic spheres and allocate resources in their respective, gendered expenditure domains, or in a highly non-cooperative marriage. It may also be appropriate in a day-to-day trivial household decision-making. But it may not be appropriate to analyze conflicts of interests that may arise in a cooperative marriage, where production and resource allocation are organized at the corporate or household level. Hence, a combination of the *cooperative* and the *non-cooperative* bargaining models may provide a better analytical framework to understand intra-household resource allocation. This will be discussed briefly in the following section.

3.7 Application of the cooperative and the non-cooperative bargaining household models

The interaction between household members can be characterized as a complex set of social relations involving sharing, caring, affection, negotiation and conflict. As a result, studying household decision-making behaviour cannot be easy and straightforward. As has been observed in the previous discussions, none of the existing household decision-making models can fully capture the complex and dynamic realities embedded in household relationships and interactions. Although the *unitary* household model recognizes some aspects of caring and affection between married couples, it entirely ignores individual preferences and the prevailing gender hierarchies. The alternative *cooperative* bargaining

model is formulated to resolve the conflicts of interests within the household on the basis of economic principles, ignoring the gender divisions of roles and responsibilities that may influence household decision-making. The *cooperative* bargaining model insulates itself from the existing conjugal realities by considering divorce as the sole alternative if the bargaining between spouses fails. If spouses disagree on a certain matter, the conflict of interests may not necessarily be resolved through divorce, but also through *non-cooperative* arrangements within marriage or other ways, such as violence or the threat of violence (Lundberg and Pollak, 1997), lobbying with friends and relatives, decreasing collaboration, revenge, coercion, etc. The *non-cooperative* model not only complements but also addresses some of the shortcomings of the *cooperative* bargaining model, by recognizing the importance of gender divisions of roles and responsibilities in shaping intra-household resource allocations. This is necessary in contexts where households organize their work in joint family enterprises and/or in separate gender economies that provide individual autonomy. It is also because intra-household relation is characterized by the simultaneous existence of cooperation and conflict, interdependence and autonomy (Carter and Katz, 1997).

Various commentators have suggested that a single household model may not fully capture the complex intra-household resource allocation arrangements in different cultures (Alderman et al., 1997; Katz, 1997). In addition, household resource allocation arrangements can take different forms, depending on the types of decision issues under question (Gebreselassie et al., 2007). Some decisions may require interaction and negotiation among household members who hold different degrees of influence on the bargaining outcome. For example, whether a woman should remain a member of a credit group or not, what to do with the loan money, or decision-making on loan-related earnings, may require some negotiation between couples. On the other hand, one spouse may make independent decisions on certain matters without the knowledge of the other spouse, or in a non-cooperative way, because local customs may assign different roles to men and women. For example, men and women may spend their incomes in their traditional expenditure domains. Therefore, the combination of *cooperative* and *non-cooperative* bargaining approaches may offer a better framework to capture both the material and ideological factors that interact to determine intra-household allocation decisions.

The conceptual framework

This study seeks to analyze the potential effects of women's access to microfinance services on intra-household labour allocation and decision-making. The study places intra-household resource allocation in wider institutional contexts, and explores how different institutional factors facilitate or hinder the empowering potential of microfinance programmes.

Figure 3.1 presents the conceptual framework of the study. The framework keeps the household as the main unit of analysis, but it recognizes the different preferences, roles, resources, power, opportunities and benefits different household members have or experience within the unit. The framework indicates that women's access to credit may increase women's bargaining power and consequently affect intra-household resource allocation outcomes, but the link may not be as automatic as it is often assumed to be. This is because various institutional factors come into play to facilitate or hinder the process of women's empowerment. The conceptual framework includes four interrelated components: *women's access to credit*, *women's bargaining power*, the *institutional context* and *intra-*

household resource allocation outcomes. In the following paragraph, the components of the models are discussed.

Access to microfinance services: this is the first component of the model and describes microfinance-related services and opportunities available to women. Microcredit and saving facilities are the major services provided by microfinance institutions to low-income women. Supplying credit to a woman may expand her opportunity to engage in gainful self-employment and/or joint household enterprises. The availability of saving facilities may improve a woman's savings. In addition, group lending approaches used by microfinance programmes may provide an opportunity for a woman to be a member of credit society. These services and opportunities may positively affect a woman's bargaining position within the household. This link will be explained in more detail in the subsequent paragraph.

Women's bargaining position is the key component of the model. It refers to a woman's ability to influence resource allocation outcomes within the household. The fundamental assumption is that microfinance may enhance women's bargaining power in intra-household resource allocation, both in cooperative and non-cooperative arrangements. As proposed by the *cooperative* bargaining model, control over important economic resources may be a source of power for a person, since it represents that person's "fall-back" position. In this study, such a "fall-back" position represents not only the threat of divorce, but also the threat of refusing to bring in loans (dropping out of credit groups). By targeting women for microfinance services, microfinance programmes may improve a woman's access to and control over economic opportunities and resources. This may strengthen a woman's "fall-back" position or enhance her traditional roles, and consequently improve her bargaining position in household resource allocation.

Microfinance programmes may improve a woman's bargaining position within the household in three significant ways. Firstly, if a microfinance institution targets the female member of the household exclusively (or with priority) with its credit service, this woman may have a strong bargaining power regarding the use of the loan funds and the associated income. If loans are given to a woman to finance an independent income-generating activity, it is possible that she may use the loan in her independent enterprise, allocate her labour and control associated earnings. But also if a loan is designed for household enterprises, a woman may participate in "joint" decision-making with her husband within the household. When a couple encounters conflicting interests in connection with loan-related resource allocation (such as the loan fund, income, labour), a woman may use her credit access right to influence decision-making outcomes in her favour. She may refuse to bring a loan to the household if her preference is not taken into account.

Secondly, a woman's access to credit may expand her opportunity to engage in gainful self-employment activities, and it may improve her income, assets, savings, and contribution to the household, and strengthen her social capital as well. These may in turn strengthen her bargaining position within the household. A woman's access to credit may also strengthen her separate spheres of economic activities and decision-making, particularly if her loans are invested in her traditional economic domains.

Thirdly, microfinance-related exposure and credit group activities may increase a woman's awareness about her rights, and build her self-confidence to make her voice heard in the household decision-making process. Reeves and Baden (2000) have noted that increasing

women's awareness and building their capacity will enable them to challenge their gender subordination individually or collectively.

The above points describe the possible pathways through which microfinance can improve women's bargaining position within the household. However, access to microfinance may not automatically advance women's bargaining position within the household. The reason is that various institutional constraints may intervene in this process, either to facilitate or to impede the potential of microfinance to enhance a woman's bargaining position within the household. This will be discussed in detail in the following paragraph.

Institutional contexts: institutions are created by human beings to give structure to human interactions. Institutional constraints can be either formal, such as law, rules, regulations and implementation processes or informal, such as social conventions and codes of behaviour (Narayan, 2002). Both formal and informal institutions may facilitate or constrain a woman's bargaining position within the household, and consequently shape intra-household resource allocation outcomes. *Institutional contexts* such as socio-cultural, economic and microfinance strategies are assumed to influence women's bargaining position within the household, and consequently affect intra-household allocations outcomes (mainly regarding loans, income and labour).

In this study, social-culturally constructed determinants of women's bargaining power include their education, age, religion, forms of marriage, and local gender norms. Education increases knowledge and self-confidence and enhances a woman's bargaining position within the household. A woman's life cycle, – old age, seniority (related to women in a polygamous household) –, may offer a woman authority to determine the way in which loans, earnings and labour are allocated within the household. Being young or junior, inexperienced and possibly with small children may decrease a woman's voice in intra-household resource allocation. Social norms (including gender, religion) may ascribe and/or proscribe the roles that men and women assume within and beyond the household. Social norms tend to determine the socially appropriate tasks and roles for individuals on the bases of gender and age. For example, the traditional gender division of labour in a society may prohibit women's involvement in the traditionally male-dominated economic spheres. In many traditional societies, women are responsible for domestic works, including caring for sick individuals. A woman's domestic responsibilities may be expands when households experience chronic sickness, such as those related to HIV/AIDS. This situation may reduce a woman's capacity to generate independent earnings, which is necessary for her to sustain her bargaining power.

The economic context captures, among others, women's land rights within the household. In line with the *cooperative* bargaining model, a woman's land right¹⁵ is expected to give her a strong bargaining position within the household. A woman who has a right over household plots, independently or jointly with her husband, is more likely to have a better bargaining position within the household. The economic structure of a given society may also facilitate or hinder men's and women's opportunities and time allocation patterns.

Microfinance institutions may have different strategies and features that may either facilitate or hinder gender transformation processes. The type of loan product or the type of economic activity for which a loan is earmarked, targeting strategies (such as individual loans or household loans, or a signatory requirement from spouses) and credit group-related

¹⁵ See Chapter 4 on how individuals acquire land in Ethiopia.

activities may enhance or limit women's bargaining position within the household. For example, if credit is given for a woman's independent income-generating activities, it is more likely that she retains control over the income from her enterprises than when a loan is given to a woman for household level- or traditionally male-dominated enterprises. Orientation programmes and credit group-related meetings and interactions may raise women's consciousness about their rights, and then improve women's bargaining position within the household.

Intra-household resource allocation outcomes: this is the last component of the model. It explains whether and how access to credit may potentially transform or reinforce gender inequalities within the household. It specifically focuses on household labour allocation, income expenditure roles and decision-making within the household. In relation to labour, attention is paid to the allocation of labour in crop production, domestic activities and leisure, and the relative workload of men and women. In relation to incomes, the focus is on men's and women's expenditure roles, and women's economic independence within the household. The last issue is related to other household decisions, namely to the selling of grain and livestock, the education of children, and clothing.

Microfinance may enhance women's say in household resource allocation by increasing women's bargaining power. For example, a woman may invest her labour in economic activities that provide an income that is under her control. An increase in a woman's income may enhance her bargaining power. As a result, she may withdraw labour from other economic or/and domestic activities and participate in household decision-making. On the other hand, a strong gender norm may limit a woman's ability to expand her business and earnings. In addition, loan-induced economic participation may intensify women's and girl's work burden.

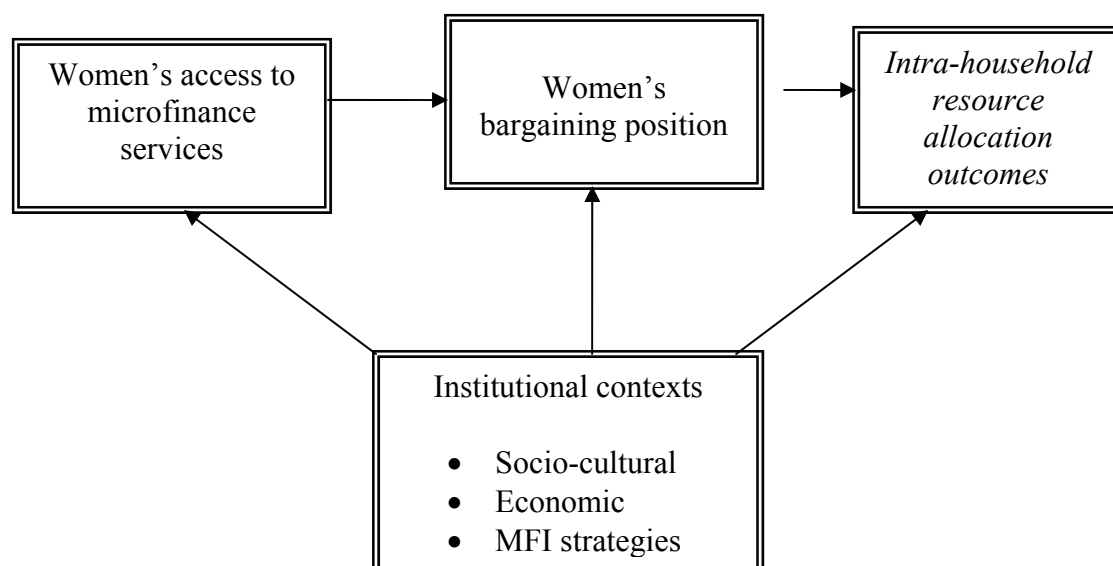


Figure 3. 1 The conceptual framework of the study.

CHAPTER 4 COUNTRY PROFILE, THE STUDY'S AREAS AND THE STUDY'S MICROFINANCE INSTITUTIONS

4.1 Geography

The Democratic Republic of Ethiopia is located between 3 and 15 degrees north latitude and 33 and 48 degrees east longitude in the Horn of Africa, at the crossroads between Africa and the Middle East. The country is bordered by Eritrea in the north, Djibouti and Somalia in the East, Kenya in the South, and Sudan in the West (Figure 4.1). Ethiopia has an estimated surface area of 1.1 million square kilometres. The country's topography is characterized by a considerable highland complex of mountains, and by dissected plateaus divided by the Great Rift Valley running from the northeast to the south, surrounded by lowlands, steppes, and semi-desert. The elevation in the country ranges from 110 meters below sea level in the Afar Danakil Depression to 4620 meters above sea level at Mount Ras Dashen. The climatic condition of the country also varies with the topography; the temperature can be as high as 47 degrees Celsius in the Afar Depression and as low as 10 degrees Celsius in the Ethiopian highlands.

In Ethiopia, the annual rainfall varies greatly, between 95 mm and 2231mm (IFPRI and CSA¹⁶, 2006). There are two major rainy seasons; the long rain (*Kiremt*), which occurs roughly between June and September, while the short rain (*Belg*) occurs between March and May. Except for some areas in the northwest, most parts of the country experience both the *Kiremt* and *Belg* rains. The western Ethiopian highlands have a relatively high rainfall, averaging more than 1,200mm annually. With the loss of elevation, the amount of rainfall declines, especially towards eastern Ethiopia. As a result, most lowland parts of Afar and Somali are unsuitable for agricultural production (IFPRI¹⁷ and CSA, 2006).

4.2 History, Ethnicity, Religion and Demography

Ethiopia is one of the oldest nations in the world, with a long history of human origin and civilization. "Dinknesh" or "Lucy", one of the earliest (3.5 million years) and complete humanoids, was discovered in Ethiopia. The country is also the oldest independent country in Africa.

According to the 2007 Census, Ethiopia is inhabited by more than 80 ethnic groups, of which the Oromo and the Amhara ethnic groups comprise 34.5 percent and 26.9 percent, respectively. The same Census demonstrated that 43.5 percent and 33.9 percent of the Ethiopian population are Orthodox Christians and Muslims, respectively. Protestants and other, traditional religion followers comprise 18.6 percent and 2.6 percent, respectively (PCC¹⁸, 2008).

Since the beginning of 1990s, Ethiopia follows federal system of government organized around ethnic groups, and is divided into nine administrative regional states and two city administrations, namely Tigray, Afar, Amhara, Oromiya, Somalia, Benishangul-Gumuz,

¹⁶ Central Statistics Agency

¹⁷ International Institute of Food Policy Research Institute

¹⁸ Population Census Commission.

the Southern Nations, Nationalities and People's Region (SNNPR), Gambella and Harari, and two city administrations, Addis Ababa and Dire Dawa Administrative Council. This study was conducted in two Administrative Regions, namely the Amhara National Regional State and the Southern Nations, Nationalities and People's Regional State.



Figure 4. 1 Map of Ethiopia, the research regions and districts.

Ethiopia is the third populous country in Africa. According to the 2007 Ethiopia's Population and Housing Census, the country's population counted about 73.9 million (49.5% women), with an annual growth rate of 2.6 percent (PCC 2008:10-11). Between the first (1984) and the third (2007) census, the Ethiopian population grew by over 85 percent or by 34 million people. According to the UN/DESA¹⁹ Population Division (2008) projection, the Ethiopian population will be more than doubled by 2040, with an average annual growth rate of between 1.48 percent and 2.59 percent. About 45 percent of the Ethiopian population was below 15 years of age, and about 51.9 percent was in the age group of 15 to 64. The population over 64 years of age was less than 3.2 percent (PCC, 2008). Such an age structure is typical for the developing countries and reflects high fertility and adult mortality rates. This kind of age distribution also reflects a high

¹⁹ The United Nations Department of Economic and Social Affairs.

dependency ratio²⁰. In Ethiopia, every 100 persons at an economically productive age (aged 15 to 64) are responsible to take care of themselves and an additional 92 persons (aged under 15 and over 65). Ethiopia has one of the highest fertility rates, 5.4 births per woman. Between 1990s and 2005, the fertility rate declined by one child, while the use of contraceptives among women rose to 15 percent from 5 percent during the 1990s (CSA and ORC Macro, 2006).

The majority (83%) of the Ethiopian population lives in the rural areas, where agriculture is the main source of livelihood (CSA, 2008). Nearly a quarter of Ethiopian households are headed by women. The proportion of female heads of household is relatively higher (39%) in the urban areas compared with the rural areas (20%), (CSA, 2004a). In 2005, about 12 percent of the married women in Ethiopia lived in a polygamous union. Between 2000 and 2005, the proportion of married women in a polygamous union has declined by 3 percent. Polygamy is more prevalent among rural women, older women, uneducated and poor women (CSA and ORC Macro, 2006).

4.3 Socio-economic Development

a. The Economy

Ethiopia is largely an agrarian country, where agriculture accounts for nearly half of the country's gross domestic product (GDP) and generates 90 percent of the export earnings (MoFED²¹, 2007). For example, in 2005, coffee and sesame seeds contributed 48 percent and 20 percent of the country's foreign exchange earnings, respectively (World Bank, 2008). In recent years, pulses (legumes) and flower exports have become the other important sources of foreign exchange earnings for the country (MoFED, 2007). During 2005, the agriculture sector employed about 80 percent of the total labour force in the country (84.3% men and 75.5 % women) (CSA, 2006). Although agriculture is vital to Ethiopia's economy, progress in the sector has been very slow or nearly stagnant over the decades. As indicated in Table 4.1, the average annual agricultural growth rate increased from nearly zero percent (0.1%) in the 1980s to 2.3 percent in the 1990s and to 3.3 percent during the period between 2000 and 2005 (World Bank, 2008). However, agriculture continues to be the backbone of the Ethiopian economy. The manufacturing or the industry sector in Ethiopia is in its infancy stage and its contribution to the economy is insignificant. However, the current trend in its growth is encouraging. During 2006/07, the sector accounted for 13.4 percent of the GDP, with an annual growth rate of 11 percent. The service sector contributed slightly more than 40 percent to the country's GDP with an annual growth rate of 13.5 percent (MoFED, 2007).

Despite some progress in recent years, the overall performance of the Ethiopian economy over the past forty years has shown mixed results. During the 1980s and 1990s, the country's GDP average annual growth rate was limited to 2.1 and 2.2 percent, respectively. Between 2000/01 and 2006/07, the average annual growth rate was 5.8 percent, which was a significant progress. During the turn of 2000, the annual performance of the economy was mixed. For example, during 2001/02 and 2002/03, the GDP annual growth rates had fallen to 1.6 percent and a negative 2.2 percent, respectively. During the four consecutive years following the decline, the country's GDP grew annually by more than 10 percent (MoFED,

²⁰ The dependency ratio refers to the proportion between the population assumed to be not economically productive (the total population aged 0-14 years and those aged 65 years and above) and the proportion assumed to be economically productive (the population at a working age, aged 15 to 64 years).

²¹ The Ministry of Finance and Economic Development of the Federal Democratic Republic of Ethiopia.

2007; World Bank, 2008). A recent report by the World Bank (2008) categorized Ethiopia among the countries with a sustained and diversified economic growth.

Several factors have contributed to the poor performance of the Ethiopian economy over the past decades. These include famines, political instability, internal and external conflicts and war, weather-related shocks, backwardness of the agricultural and environmental protection practices, unfavourable policies, and deterioration in terms of trade. The impact of the weather on the Ethiopian economy is enormous. The country's economy is highly dependent on a rain-fed agriculture sector, which is highly vulnerable to weather-related shocks. For example, in 2002/03, both the agricultural and the country's GDP annual growth rates were negative due to insufficient rains, while during 2003/2004, favourable rainfall conditions and a supply of agricultural inputs increased the agricultural production and also increased the GDP annual growth rate (MoFED, 2007).

Table 4.1 Macroeconomic trends over the past 30 years, 1980-2007.

Sector/Indicator	80s	90s	00-05	01/02	02/03	03/04	04/05	05/06	06/07
GDP growth rate (%)	2.1	2.2	5.8	1.0	-3.3	11.9	10.6	11.6	11.4
Agriculture									
-Growth rate (%)	0.1	2.3	3.3	-2.1	-11.4	17.3	13.5	10.9	9.4
-Share agriculture & allied activities in GDP (%)	-	-	-	-	-	-	47.4	47	46.3
Industry									
- Growth rate (%)	4.5	3.5	6.8	8.3	3.0	10.0	8.1	10.2	11.0
- Share in GDP (%)	-	-	-	-	-	-	13.6	13.0	13.4
Service									
-Growth rate (%)	3.6	4	5	3.6	9.0	14.6	16.7	-	-
-Share to GDP (%)	-	-	-	-	-	-	-	-	41.5

Sources: Data related to the 1980s, 1990s, and 2000-2005, World Bank (2008)

Data related to 2001 – 2007, MoFED (2007)

According to the World Development Report for 2008 (World Bank, 2007:334), Ethiopia is one of the low-income counties in the world with an estimated Gross National Income per capita of US\$ 180. The depth and the scope of poverty in Ethiopia are enormous. Addressing the multiple dimensions²² of poverty has become the key development challenge facing the Ethiopian government and its people. Over the past decade, poverty reduction and its ultimate elimination has been the overriding development agenda of the Ethiopian government. The Agricultural Development Led Industrialization Strategy (ADLI) continues to be the key approach in poverty reduction and economic growth in the country. Developing the agricultural sector has become necessary to ensure national food requirements, and to accelerate the growth of the industrial sector through the provision of agricultural inputs. In the subsequent paragraphs, the poverty and development trend in the country are presented.

b. Poverty

One dimension of poverty is material deprivation, which is commonly measured by a poverty line, - a threshold level of per capita income or consumption below which an individual is considered to be poor²³. The poverty head count index refers to the proportion

²² Poverty is multi-dimensional and includes income poverty, vulnerability, voicelessness and powerlessness (World Bank, 2000).

of the population whose economic welfare is below the national poverty line. In 2005, the proportion of the Ethiopian population that could not afford to fulfil their basic needs or lived below the national poverty line was estimated to be 38.7 percent (39.3% in the rural and 35.1 % in the urban areas)²⁴ (Table 4.2). The proportion of the population below the national poverty line was higher in the rural areas by 4 percent, compared to the urban areas. Between 1995/96 and 2004/05, the proportion of the Ethiopian population living below the national poverty line had declined by about 7 percent. A decline of about 8.2 percent was recorded in the rural areas, where the majority of the Ethiopian population resides, while the share of the poor urban population rose by 1.9 percent. This significant difference between locations could be partly attributed to the pro-poor government interventions in the rural areas, including extension programmes to support the marketization of smallholder agriculture, the food security programmes, and the recent productive safety net programmes, among others. During 2004/2005, about 27 percent (27% for the rural and 26% for the urban areas) of the Ethiopian population was estimated to live in extreme poverty (Poverty Severity Index). Between 1995/96 and 2004/05, the proportion of poor people who lived in extreme poverty had declined by almost half (48% in the rural and 38% in the urban areas) (MoFED, 2006).

Table 4. 2 Trends in Poverty²⁵ in Ethiopia.

Level	Indices		
	1995/96	1999/00	2004/05
National			
Poverty Head Count index	0.455	0.442	0.387
Poverty Severity Index	0.051	0.045	0.027
Rural			
Head Count index	0.475	0.454	0.393
Poverty Severity Index	0.053	0.046	0.027
Urban			
Head Count index	0.332	0.369	0.351
Poverty Severity Index	0.041	0.039	0.026

Source: MoFED (2006: 23).

c. Education

Ethiopia has one of the lowest literacy rates in Sub-Saharan Africa, which is 37.8 percent (Table 4.3). There is also a considerable discrepancy in literacy rate between the sexes and between locations. The literacy rate among the male population is nearly double (50 %) that of the literacy rate for the female population (27%). Similarly, the literacy rate among the urban dwellers is more than twice higher (74 %) than the literacy rate for the rural population (31 %) (CSA, 2004a:23). The proportion of the literate population is increasing from year to year, irrespective of sex and location.

In 2004, the gross and net enrolment ratio at primary level stood at 74.2 percent and 37.8 percent, respectively. During the same period, the secondary school gross and net

²⁴ The level of poverty line used to calculate poverty indices is 1,075 ETB at 1995/1996 national average constant prices, based on the cost of 2,200 kilocalorie per day per adult and essential non-food items.

²⁵ Total poverty refers to an aggregate measure of poverty that captures both the food and non-food requirements.

enrolment ratio was estimated to be 23.1 percent and 14.5 percent, respectively (Table 4.3). This data indicates that about a fourth of primary school age children and over three-fourth of secondary school age Ethiopian children are outside the purview of the education system. There is a gender disparity, particularly in the gross enrolment ratio, in favour of male children. The primary school gross enrolment ratio for male and female children was about 80 percent and 68 percent, respectively. At the secondary level, the gross enrolment ratio for male and female children were 28 percent and 18 percent, respectively. There is also a huge discrepancy between the urban and the rural areas with regard to both the gross and net enrolment ratio at primary and secondary school levels, in favour of the former. The huge disparity in primary gross enrolment between the urban and the rural population could be partly explained in terms of a difference in the accessibility of schools. For example, in the urban areas, less than 2 percent of households travel 5 or more kilometres to reach the nearest primary schools, while in the rural areas, about 30 percent of households have to travel 5 or more kilometres to reach the nearest primary school (CSA, 2004a:25).

In recent years, Ethiopia has registered considerable progress in the gross enrolment ratio, particularly at primary school level. The proportion of school age children enrolled in primary school in the rural areas increased from 28 percent in 1996 to 68 percent in 2004 (CSA, 2004a). This could be partly attributed to the expansion of schools in the rural areas and is also due to an increase in the public awareness about the education of children, particularly girls.

Table 4. 3 Literacy and school enrolment year 2004.

Description	Country			Rural			Urban		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Literacy	49.9	26.6	37.9	43.4	18.7	30.9	86.2	64.4	74.2
Gross Enrolment Ratio									
Primary level	80.4	67.6	74.2	75.1	59.5	67.6	125.4	125	225.2
Secondary level	28.3	17.9	23.1	20.2	8.8	14.7	73.7	56.5	64.2
Net Enrolment Ratio									
Primary level	38.9	36.8	37.8	34.2	31.2	32.8	78.8	75.8	77.2
Secondary level	16.6	12.4	14.5	10.6	5.9	8.3	50.1	40.1	44.5

Source: CSA (2004a:32-35).

d. Health

Health is an important aspect of human capital, which has a direct bearing on individual welfare and productivity. The health care system in Ethiopia is underdeveloped and the society has poor health conditions by many standards. Despite some achievement over the years, Ethiopia continues to experience high child and maternal mortality, poor health coverage, poor sanitation, low life expectancy, etcetera. A recent estimate by the WHO (2008) showed that, during 2006, the average life expectancy in Ethiopia was estimated to be 56 years (pp 38). The MoH and NHAPCO (2006:45) estimated that, in 2008, AIDS may lower the average life expectancy in Ethiopia from 56.9 years to 53.4 years. Similarly, in many developing countries, decline in life expectancy is said to be associated with HIV/AIDS, malaria and armed conflicts (World Bank, 2008).

During 2006/07, the primary public health coverage in the country was estimated to be 87 percent, while the health service utilization was only 0.32 (MoH, 2006). In Ethiopia, the main reasons for the limited use of health facilities include distance to the nearest health facilities, the cost of treatment, and the quality of the services. For example, about 38 percent and 81 percent of the population need to travel 10 kilometres or more to reach the nearest clinic and hospital, respectively (CSA, 2004a).

In Ethiopia, maternal health service is enormously poor in every respect. During 2005, nearly three-fourth of the pregnant mothers in the country did not have access to antenatal care facilities. Being poor, uneducated, and residing in a rural location are all factors that decrease the likelihood that women will have access to antenatal care services. The proportion of pregnant women who delivered with the help of skilled health professionals was as low as 6 percent, and the percentage of those who received postnatal care was limited to 10 percent. The situation is more serious in the rural areas, where the proportion of children born in health institutions was limited to 2 percent, 20 times less than in the urban area. Most deliveries in the country take place within the home, with little assistance from health professionals. The lack of maternal and childcare services in Ethiopia increases the incidence of maternal and infant mortality. As already mentioned earlier, Ethiopia has the highest fertility rate. The fertility rate is higher among poor, uneducated and rural women. During 2005, the contraceptive prevalence rate in the country was 15 percent. Only 31 percent of the demand for contraceptives was met (CSA and ORC Macro, 2006). The maternal mortality rate in the country during 2005 was estimated to be 720 deaths per 100,000 mothers (WHO, 2008).

With regard to child mortality, during 2005, one in thirteen Ethiopian children died before celebrating their first year, and one out of eight Ethiopian children do not survive to their fifth birthday. Over the years, some progress has been made in relation to infant and under-five mortality, with infant mortality going down by 19 percent, from 95 deaths per 1000 live births in 1990 to 75 deaths per 1000 live births in 2005. In addition, under-five child mortality decreased by 25 percent, from 165 deaths per 1000 live births to 123 deaths per 1000 live birth during 2005 (CSA and ORC Macro, 2006).

Although the immunization of children against the six vaccine-preventable diseases²⁶ is crucial in minimizing infant and child mortality, only one in five Ethiopian children (12-23 months old) was fully vaccinated. The proportion of children fully vaccinated increased slightly from 14 percent in 2000 to 20 percent in 2005. Yet, on the other hand, the percentage of children who received none of the six basic vaccinations increased from 17 percent in 2000 to 24 percent in 2005. For almost all types of vaccination, there is a slight gender disparity, with a relatively high proportion of male children (23%) being vaccinated in comparison to the proportion of female children (18%). Vaccination coverage in the urban areas is relatively higher than the coverage in rural areas (CSA and ORC Macro, 2006).

Child malnutrition is prevalent in Ethiopia. The problem is more pronounced among rural children and children with uneducated mothers. About 11 percent, 47 percent and 38 percent of the children are wasted, stunted and underweight, respectively. Between the year 2000 and 2005, some achievement was registered: the proportion of children stunted and underweight fell by 10 percent and 19 percent, respectively (CSA and ORC Macro, 2006).

²⁶ These are tuberculosis, diphtheria, whooping cough, tetanus, polio, and measles.

A lack of safe drinking water and a lack of sanitation are the other problems encountered by the majority of the Ethiopian population. During 2004, only 36 percent of Ethiopian households had access to a safe drinking water supply. As a result, nearly two-thirds of the population uses unsafe sources, such as a river or lake, or an unprotected well or spring. A lack of access to safe drinking water was more often observed in the rural areas, where about three-fourths of the population get their drinking water from unsafe sources. In contrast, an overwhelming majority (92 %) of urban dwellers in the country access safe drinking water. Between 1996 and 2004, the proportion of the population that had access to safe drinking water almost doubled. With regard to sanitation facilities, more than two-thirds of households in the country had no access to toilet facilities during 2004. The problem was more severe in the rural areas, where nearly 80 percent of households did not have any toilet facilities, compared to only 20 percent in the urban areas (CSA, 2004a).

e. Household vulnerability to shocks

Vulnerability is one of several dimensions of poverty. It refers to the risks and insecurities which cause economic, health and other social crises to individuals, households and communities. According to CSA (2004a), the major shocks experienced by Ethiopian households include famine and drought, deaths and illnesses of household members, and crop damage and deaths of animals. There is a significant variation in the types and the severity of shocks encountered by rural and urban dwellers in the country. A relatively large proportion (41%) of rural households were affected by drought and famine, compared to 23 percent of the urban households who were affected by similar shocks. In addition, shocks related to crop damage and loss of livestock were experienced by nearly a fifth of the rural households, while the proportion of urban households affected by the same shocks was limited to 6 percent (CSA (2004a), The rural areas appeared to be far more affected by agriculture-related losses than the urban areas because of the high dependency of the rural economy on rain-fed agriculture and livestock husbandry.

Although the majority of the Ethiopian households rely on farming for a living, they are hardly self-sufficient in crop production. According to the Central Statistics Authority Welfare Monitoring Survey 2004, only 2 percent of the rural households in the country were self-sufficient in crop production. For about 26 percent of Ethiopian households, their own crop production can only feed the household members for up to 7 to 9 months, while for about 39 percent of households their own supply lasted for up to 6 months. About a third of the Ethiopian population also experiences food shortage. This period corresponds with the periods of drought and a negative agricultural annual growth rate (2002 and 2003), and suggests a positive link between a decline in agricultural production and food shortage in the country. During 2004, a relatively higher (34%) proportion of the rural households experienced food shortage, compared to 15 percent of the urban population. During the same period, illnesses and deaths were the most common shocks experienced by over half (56%) and a quarter of the urban and the rural population, respectively (CSA2004a), This spatial variation can be partly explained by the relatively high HIV/AIDS prevalence rate in the urban areas, compared to the rural areas. Issues related to HIV/AIDS will be discussed in-depth later on in this chapter.

During 2004, food aid, the selling of livestock/products and the selling of other agricultural produces were the key coping mechanisms for households affected by drought and famine. Households that encountered illnesses and deaths responded to their financial needs by selling livestock/products and other agricultural produces, and used their own savings or cashes. In Ethiopia, the capacity of the rural and urban households to draw cash during an

emergency is very limited. More than 37 percent of Ethiopian households are unable to produce ETB 100 within a week's time. As a result, the main sources of cash for such emergencies are the selling of livestock (40%), the selling of crop (14%), and getting a loan from relatives (17%) (CSA,2004a),

f. HIV/AIDS Prevalence, Cause and Impact

The national HIV/AIDS prevalence rate in Ethiopia²⁷ was often drawn from sentinel surveillance, which covers pregnant women attending antenatal care facilities. However, the recent Demographic and Health Survey (DHS) 2005 (CSA and ORC Macro, 2006) has included HIV/AIDS testing for the general reproductive age population (men and women between the age of 15 and 59) and provides a better picture of the prevalence of HIV/AIDS in Ethiopia. The data collected using this new method is, however, just a one-time experience and it does not permit an assessment of the trends and the demographic impacts of HIV/AIDS in the country. As a result, the following discussion largely relied on the information obtained through sentinel surveillance by the MoH and NHAPCO (2006) and the DHS report. To begin with the report of the DHS (CSA and ORC Macro, 2006), the HIV/AIDS prevalence rate among the Ethiopian population aged 15 to 59 was estimated to be 1.4 percent. The proportion of HIV infections for the female population (1.9) was double the infection rate of the male population (0.9). Similarly, the HIV/AIDS infection rate was much higher for the urban population (5.5%) compared to that of the rural population (0.7%). The trend in HIV/AIDS prevalence according to the MoH and NHAPCO estimate (through sentinel surveillance sites) suggests that, after the identification of the first two HIV/AIDS cases in Ethiopia in the mid-1980s, the infection rate increased slightly through the 1990s, and reached its highest peak of 4.5 percent in 1998, which was stabilized until the year 2000, and then started to decline gradually to 3.5 percent in 2005. The HIV/AIDS prevalence rate was relatively high among the female and the urban population, compared to the male and rural population²⁸ (MoH and NHAPCO, 2006).

The demographic and health impact of HIV/AIDS in Ethiopia is already huge. By 2007, nearly a million (980,000) Ethiopian people (among whom 9% children under the age of 15) were estimated to be living with AIDS. About 67,000 people (31% of whom were children) have died of AIDS, while 650,000 children became AIDS orphans. The impact of AIDS on life expectancy is enormous. During 2005, AIDS was estimated to reduce life expectancy at birth by five years (UNAIDS, 2008).

In Ethiopia, the efforts to prevent and control HIV/AIDS started following the identification of the first two HIV/AIDS cases at the end of 1980. In 1987, a national AIDS Control Programme Department was established within the Ministry of Health, in order to direct and coordinate the implementation of HIV/AIDS programmes in the country. This was followed by the development of the first medium-term programme (1987-91), which focused on creating public awareness, the establishment of HIV testing laboratory services, HIV/AIDS surveillance, and the training of health workers. In 1991, based on the experiences drawn from the first plan, the second medium-term plan (1992-1996) was developed, with the aim of preventing the spread of the virus. The plan adopted a multi-sectoral approach and decentralization of the AIDS/STD prevention and control activities.

²⁷This method is a common practice in many sub-Saharan African countries and not unique for Ethiopia.

²⁸ HIV/AIDS prevalence rate for female and male population was estimated at 4 percent and 3 percent, respectively. HIV/AIDS infection rate in the urban areas was estimated to be 10.5 percent (11.9 in females and 9.1 % in males) while in the rural areas it was estimated at 1.9 percent (2.2% in females and 0.12 % in males) (MoH and NHAPCO, 2006).

Since then, different governments and NGOs have undertaken prevention activities. In 1998, the Council of Ministers approved the National HIV/AIDS Policy. The policy aims at providing an enabling environment for a multi-sectoral approach for the prevention and control of the epidemic. For the coordination, facilitation and implementation of programmes and projects, different institutional arrangements have been made at all levels. The National HIV/AIDS Council Secretariat (NACS) was established in 2000 and upgraded to the HIV/AIDS Prevention and Control Office (HAPCO) in 2002. In addition, the Strategic Framework for the National Responses to HIV/AIDS was prepared and implemented for a period of four years (2000-2004). The succeeding four-year strategic plan (2005-2008) focused on prevention, care, and support and treatment. The strategic plan has been premised on the principles of multi-sectoralism, decentralization, community mobilization, ownership, and partnership, and serves as a national framework for all parties involved in HIV/AIDS-related interventions.

Various programmes and projects have been implemented by NGOs and the government to curb HIV infection, and to mitigate its impact in the country. However, the challenge ahead is enormous. For example, comprehensive knowledge²⁹ of HIV/AIDS is still lacking (CSA and ORC Macro, 2006). The proportion of HIV-infected people who received antiretroviral therapy during 2007 was also estimated to be less than 10 percent (90,000) (UNAIDS, 2008).

4.4 Gender relations in Ethiopia

Like in many traditional societies, gender relations in Ethiopia are characterized by inequalities between men and women in many aspects of life. A patriarchal social system has been dominating for generations, reflecting men's supremacy in the country's social, cultural, political, and economic rules. The role that men and women play in the domestic and public spheres, and the distribution of resources and benefits between them are mostly governed by gender norms and rules that are biased in favour of men. However, since Ethiopia is a country with diverse cultures and ethnic groups, local gender systems and the extent of the inequalities between men and women appear to vary greatly among different social groups and localities.

As stated in the previous section, women in Ethiopia are more illiterate and less educated than men. Gender disparity is more pronounced as one goes up the higher education ladder. More school age girls compared to boys are out of the purview of the education system. The proportion of female students at the higher educational institutions is limited to 24 percent (MoE, 2005). Gender disparity in education is the result of the higher demand for girls' labour at home; long distances to schools, which entails a risk for girls; the practice of abduction; early marriage and parents' biases in favour of boys' education (MoWA, 2006). Since the last decade, the Ethiopian government has taken various measures to narrow the gender gaps at all levels of the educational system. Different services and supports, including scholarships for girls from poor families, tutorials, guidance, and counselling services are provided to keep female students in school and to improve their academic performance. The government has introduced a positive discriminatory policy to increase the proportion of female students in higher educational institutions (HEIs). As a result, the

²⁹ According to the CSA and ORC Macro (2006), comprehensive knowledge is defined as knowing that: 1) people can reduce their chances of getting the AIDS virus by having sex with only one uninfected, faithful partner and by using condoms consistently; 2) a healthy-looking person can have the AIDS virus; and 3) HIV cannot be transmitted by mosquito bites or by sharing food with a person who has AIDS.

share of female students in HEIs increased from 20.2 percent in 1996/97 to 24.4 percent in 2003/2004 (MoE, 2005).

Women in Ethiopia are more vulnerable to health problems and HIV infections due to epidemiological, socio-cultural and economic factors. The female mortality rate of 6.4 deaths per 1000 people is relatively higher than the male mortality rate of 5.9 per 1000 people. As discussed in the previous section, women's special health needs are hardly met. Ethiopian women are less likely to seek health consultation compared to Ethiopian men (CSA, 2004a). This could be partly because women lack decision-making power regarding their health (CSA and ORC Macro, 2006). The HIV/AIDS prevalence rate is relatively higher among the female population compared to the male population. Several factors contribute to the prevailing gender disparities in HIV infections in the country. Some of the factors include women's lack of access to resources, information and services (health and education), and harmful practices and violence against women and girls (female genital mutilation, abduction, widow inheritance, the sharing of wives, and multiple marriage) (Miz-Hasab Research Centre, 2005). For example, in 2006, only 16 percent of the women aged between 15 and 49 years had comprehensive knowledge about HIV/AIDS, compared to 30 percent of the men in the same age group (CSA and ORC Macro, 2006).

In Ethiopia, in every aspect of employment, gender inequality is widespread. Women have a relatively higher (7.8%) unemployment ratio compared to men (2.5%). Paid employment in the country accounts for only eight percent of the total labour force. As a result, the majority of the country's population is either self-employed (41%) or an unpaid family labourer (50%). Men are disproportionately represented in self-employment, while women are highly concentrated in unpaid jobs (CSA, 2006). Even when they engage in some kind of paid employment, women are more likely to earn less pay than men (CSA and ORC Macro, 2006, UNDP, 2006). According to the Human Development Report 2008, women in Ethiopia earn less than 40 percent of men's incomes (UNDP, 2006). Gender segregation in economic occupation is also a common phenomenon, with women being disproportionately represented in the elementary economic occupations while men are concentrated in skilled occupations (agriculture and fishery). During 2005, half of the female population employed in Ethiopia was engaged in a non-skilled occupation, compared to a third of the male population. On the other hand, over half (55%) of the male population was employed in a skilled occupation, compared to less than a quarter (23%) of the female population. Furthermore, the proportion of women in "white-collar" jobs, such as jobs in legislation, senior officials' jobs, and managerial, professional and technician positions, is limited to 30 percent. The concentration of women in elementary and low-paying occupations could be partly attributed to women's low level of education and training, the traditional attitude towards woman and girls, a lack of female role models, women's limited access to information, and lack of assertiveness (MoWA, 2006). As a result, women dominate the informal sector, where they engage in micro-businesses that require small capital, unskilled labour, and limited management and bookkeeping. The proportion of Ethiopian women in the urban informal sector has been estimated to be 60 percent (CSA, 2004b).

The existing gender division of domestic labour within Ethiopian households disproportionately affects women. Traditionally, women and children (especially girls) are responsible for most domestic activities, including fetching water and fuel wood (Admasu, et al, 2001; Bekele, 2000). On average, women spend 6-8 hours doing household chores, while men spend less than 2 hours doing similar jobs (Aredo, 1999). According to CSA

(2004a), about half of the households in the country has access to the nearest water sources within one kilometre and more, while about 40 percent of the households has access to firewood within a distance of one to four km, and about a quarter of the households within a distance of five km and more³⁰. These tasks are becoming increasingly time-consuming for women due to environmental degradation (Bekele, 2000).

In Ethiopia, gender disparity is widespread in the access to and control over productive resources, such as credit, extension services and land (Tesfaye, 2000; Woldemariam, 2001; MoWA, 2006). Only 9 percent and 12 percent of the women in Ethiopia have access to agricultural extensions and agricultural credit services (CSA, 2003 cited in MoWA, 2006). During 2001, women's access to microfinance services in the country stood at 38 percent (Shiferaw and Amha, 2001). Gender disparity is also prevalent regarding ownership of land and livestock. Men exercise more rights over such household resources compared to women (Wondimu et al., 1997). In Ethiopia, individuals mostly obtain land use rights (the usufruct right) through inheritance, government transfers, and tenancy arrangements. Although the 1995 Ethiopian Constitutions and the Rural Land Administration Proclamation No 89/1997 grant women equal rights to men regarding "the use, disposal, and administration and control of rural land", this has not been implemented in many regions. In 2008, the proportion of Ethiopian women who had a land holding title was limited to 18 percent (CSA, 2008b:270). This could be partly because land is usually directed to the man who is traditionally the head of the household, on the assumption that all household members would benefit equally from such an arrangement.

In Ethiopia, the customary practices governing property distribution upon death and divorce are generally in favour of men, and discriminate against women (Schoz and Gomez, 2004; WAO³¹ and World Bank, 1998; Bevan and Pankhurst 1996). Men have better opportunities to control household resources within and outside marriage. Nevertheless, there is a wide variation in customary practices across different locations (regions) within the country regarding the rules of disposition of productive assets (e.g. land and livestock) upon divorce and death (inheritance). Studies show that gender-discriminatory customary practices are more prevalent in southern Ethiopia and in Muslim-dominated regions (Schoz and Gomez, 2004), compared to the northern and Christian-dominated regions (Fafchamps and Quisumbing, 2002; Bevan and Pankhurst, 1996; WAO and World Bank, 1998). For example, a fifth of the widows in Ethiopia are denied their deceased husband's property. The lowest rate of widow property disposition is recorded in the Benishangul-Gumuz (7%) and the Amhara (14%) regions, and the highest in the Gambella region (44.3%) and the SNNPR (26%) (CSA and ORC Macro, 2006).

Ethiopian women and girls are also vulnerable to different kinds of violence against them (CSA and ORC Macro, 2006; Kitaw et al, 2003). About 74 percent of the Ethiopian females were circumcised (female genital mutilation), while about 8 percent were married through abduction. (CSA and ORC Macro, 2006). Again, the type and the degree of violence vary significantly in different locations, regions and cultural groups. The Somali (97%), Afar (92%) and Dire Dawa (92%) regions have the highest proportion of women who have undergone circumcision (female genital mutilation), while Gambella (27%) and Tigray (29%) have the lowest. The highest proportion of women who were married by abduction was registered in the SNNP (13%) and Oromiya (11%) regions, and the lowest in

³⁰ For an overwhelming majority (over 90%) of Ethiopian households firewood collected by households is the main source of fuel for cooking,

³¹ Women's Affairs Office.

Tigray (1%) and Amhara (2%) (ibid). Early marriage is more prevalent in the north, especially in the Amhara and the Tigray regions, compared to other regions (Kitaw et al, 2003). Most violent practices against women and girls occurring in the country are tolerated and accepted on cultural and religious grounds. For instance, a recent survey showed that both men and women believe that a husband is justified to beat his wife for some reason³² (CSA and ORC Macro, 2006).

Since the early 1990s, the Ethiopian government and its development partners have taken different measures in order to address some of the gender imbalances in the country. A National Women's Policy was formulated in 1993, and in 1995, the Ethiopian constitution promulgated article 35, which ensured "women's equal constitutional right with men". Various sectoral policies, laws and guidelines have incorporated gender concerns and strategies with the aim of improving the status of women in the country. Recently, in many regions the family laws have been revised, and the civil code has been under revision as well. To facilitate the implementation and monitoring of women-related policies and programmes, women's Ministries and desks are established at all levels. However, these institutions remain too ill-equipped with the necessary financial and human resources to generate a significant impact (WAO and World Bank, 1998). Different development projects that address the needs of poor women are currently implemented in different parts of the country by both governments and NGOs (MoFED, 2007; MoE, 2005; Belshaw and Coyle, 2001).

Recently, a National Action Plan for Gender Equality in Ethiopia³³ was formulated and incorporated in the country's key strategic document: Plan for Accelerated and Sustainable Development to End Poverty (PASDEP). Its aim is to improve women's productivity, and to increase their participation in both the workforce and the social and political process of the country. Various NGOs and donor communities have also been playing a pivotal role in addressing women's needs through various development programmes, for instance with regard to credit, family planning, water source development, etcetera. Women's associations and women's movements are also emerging. In the past years, some encouraging results have been registered with regard to girls' school participation, women's political representation, women's access to resources, and the repealing of discriminatory laws. However, due to the depth of the problem, the country's low level of development and the deep-rooted and pervasive gender norms in society, the gender gap persists in many respects.

4.5 Microfinance in Ethiopia

The history of modern banking in Ethiopia dates back to the turn of the last century (1906), during the reign of Emperor Minilik II, with the establishment of the Bank of Abyssinia, managed by the British-owned National Bank of Egypt (National Bank of Ethiopia (NBE), 2001). However, access to a secure and formal financial service continues to be a problem for the majority of the rural and urban poor. Historically, the major sources of finance for the rural and urban poor in Ethiopia is the informal sector, which includes friends and relatives, local money lenders, the *eqqib*, the *iddir*, traders, etcetera. Relatives, friends, and private money lenders are the most important informal sources of finance (Emana et al., 2005; Dejene and Kibre, 1995, cited in Amha, 2003).

³² The reasons include: if a woman burns food; argues with a husband, goes out without telling her husband; neglects the children; and refuses to have sexual relations with her husband.

³³ It is part of the Ethiopian government's commitment to the Beijing Plan for Action.

Emana et al., (2005) have found that only one percent of the households in their studies accessed credit from commercial banks. This could be partly because commercial banks are mostly located in the urban centres, where less than 20 percent of the population resides. Demeke et al., (1998) have demonstrated that over three-fourth (79%) of the districts in Ethiopia did not have a formal bank branch. Access to credit from the formal financial institutions is also constrained by the heavy collateral requirements of the banks. Historically, the Development Bank of Ethiopia, the former Agriculture and Industrial Development Bank of Ethiopia (AIDBE), has been engaged in lending for fertilizer and improved seeds through farmers' cooperatives. The input loan of the then Agricultural and Industrial Development Bank of Ethiopia was characterized by a high loan default rate (Shiferahu and Amha, 2001) particularly in the early 1990s (Demeke et al., 1998). In 1992, the AIDBE was renamed the Development Bank of Ethiopia. The National Bank of Ethiopia revised the Rural Credit Policy (1988) in 1992, and raised the lending interest rates. In 1994, the commercial Bank of Ethiopia started to deliver rural credit (Demeke et al., 1998).

In Ethiopia, providing credit to poor men and women has a recent history. In 1990, a pilot microcredit scheme (in selected urban areas) was initiated and implemented through an agreement between the Ethiopian government and the International Development Association (IDA). Other major government- and donor-supported credit projects in the 1990s include the microcredit scheme for microenterprises implemented by the Regional Trade and Industry Bureaus, and the fuel wood carriers project of the Ministry of Labour and Social Affairs. In recent years, the World Bank, the Italian Cooperation, other donors, and the Ethiopian government initiated the "Ethiopian Women's Development Initiatives Project" to finance women microentrepreneurs, and to provide skill training courses and organizational capacity building activities to women.

The history of the operation of NGOs in Ethiopia can be traced back to the provision of relief services during the Ethiopian famine in the early 1970s. Following the famine, NGOs gradually shifted to long-term development work. Microcredit had been one of the key development components of NGO poverty alleviation interventions in the country. The NGO microcredit programmes in Ethiopia used flexible methodologies that were intended to fit the needs of target groups, and introduced innovative approaches, such as organizing groups and providing training to support income-generating initiatives to their target groups. Nevertheless, in the mid 1990s, following the global microfinance movement, various criticisms emerged regarding the role of NGOs in the microfinance service delivery in Ethiopia. According to Amha (2003), the microcredit activities implemented in Ethiopia prior to the issuance of the country's microfinance law in 1996 had several limitations. The main criticism was that the NGO financial delivery system was not based on sound and sustainable financial principles (Amha, 2003, citing ACDI/CEE, 1995). The microcredit initiatives had been largely project-oriented, and had not been designed to address the financial needs of the poor in a continuous manner. In addition, credit was subsidized with a low lending interest rate. The main focus was on microcredit, with little focus on other financial services, savings included.

As described in Chapter 1, in 1996, the Federal Democratic Republic of Ethiopia issued Proclamation No. 40/1996 for the licensing and supervision of microfinance institutions in the country. The proclamation has laid the ground for the establishment of microfinance institutions in Ethiopia that could play a financial intermediary role to address the various financial needs of the rural and urban poor in a sustainable manner. Since then,

microfinance has gained particular prominence as a poverty reduction and development strategy in Ethiopia. Until 2008, about twenty-seven Microfinance Institutions (MFIs) were registered under the National Bank of Ethiopia to deliver financial services to the poor in the different parts of the country, of which six MFIs were regionally based institutions, initiated and supported by their respective regional governments. By mid-July 2007, about twenty-seven microfinance institutions in Ethiopia had over 1.6 million active clients, with an outstanding loan balance of over ETB 2.5 billion and a client saving balance of nearly ETB one billion. The two regional based MFIs, namely the Amhara Credit and Saving Association (ACSI) and the Debit Credit & Savings Institution Share Company (DECSI) accounted for over half (55%) of the total active clients of the MFIs in the country, and another three regionally based institutions, the Oromiya Credit and Saving Share Company, the Omo Microfinance Institution, and the Addis Credit and Saving Institution all together comprised over a quarter (28%) of the total active clients of the MFIs in Ethiopia (See Appendix, 4.1) (AEMFI³⁴, 2008). This shows that the Ethiopian microfinance sector is largely dominated by regional microfinance institutions.

Recent data about the proportion of female clients of microfinance institutions in Ethiopia are not available. In 2001, women accounted for about 38 percent of the active clients of twenty microfinance institutions in Ethiopia. The extent of the proportion of female clients ranges from 13 percent in the Oromiya Credit & Savings Institution S.C (OCSSCO), to 92 percent in the Asser MFI (AEMFI, 2001 cited in Amha, 2003; see Appendix, 4.2).

4.6 The Study's Regions, *Kebeles* and MFIs

This study was conducted in the Amhara National Regional State and the Southern Nations, Nationalities and People's Regional State. These regions were selected for the study due to their distinct economic, socio-cultural and institutional contexts. The selection procedures will be discussed in the next chapter. In the subsequent paragraph, the key features of the regions are described.

4.6.1. The Study's Regions

a. *The Amhara Region*

The Amhara National Regional State is located in the north-western and northern central part of Ethiopia. The region shares boundaries with the Tigray Region in the north, the Afar Region in the east, the Oromiya Region in the south, the Benishangul-Gumuz Region in the south-west, and the country Sudan in the west (Figure 4.1). The region covers an estimated area of 159,173 km³. It is subdivided into 11 zonal administrations³⁵, 113 *Weredas* (districts), and 3232 *Kebeles* (the smallest administrative unit). According to Ethiopia's Housing and Population Census, as of November 2007, the population of the Amhara Region was 17.21 million (about half of them women) with an annual growth rate of 1.7 percent. The region comprised nearly a fourth (23.3%) of the country's population. About 87.4 percent of the region's population lives in the rural areas. An overwhelming majority (91.48%) of the region's population belongs to the Amhara ethnic group. The majority (82.5%) of the region's population are Orthodox Christians, followed by Muslims (17.2 %) (PCC, 2008). Marriage in the Amhara region is predominantly monogamous (97%) (CSA and ORC Macro, 2006).

³⁴ The Association of Ethiopian Microfinance Institutions.

³⁵ This includes North Shoa, North Wollo, South wollo, North Gondar, South Gondar.

Agriculture in the region is dominated by small-scale and subsistence holding, and is rarely supported by off-farm income-generating activities. During 2004/05, the agricultural sector employed the majority (87%) of the economically active population in the region (CSA, 2007). During 2005, about 92 percent of the men and 68 percent of the women in the Amhara Region were engaged in agriculture, respectively. The proportion of households that were engaged in sales and the service sector was limited to 3 percent, and it was relatively higher for women (15%) than for men (4%) (CSA and ORC Macro, 2006). During 2004/2005, the Amhara Region had the highest proportion (69%) of the rural population generating income from household agricultural enterprises and the lowest proportion (4.7%) of rural households obtaining income from household non-agricultural enterprises in Ethiopia (CSA, 2007).

The Amhara Region is one of the poorest regions in the country. During 1999/2000, about 42 percent of its population lived in absolute poverty (MoFED, 2002). During 2003, nearly a third of the region's population had experienced food shortage, and for slightly more than a quarter of the households, their own food production could only last for about six months. During 2004/2005, the region had the second lowest daily gross caloric intake, which was 2058, in Ethiopia (CSA, 2007). Child malnutrition is rampant in the region, with nearly two-thirds of the children (58%) and nearly half (45%) of the children in the region being stunted or underweight, respectively, during 2003 (CSA, 2004a).

The Amhara Region is one of the regions in Ethiopia with the highest HIV/AIDS prevalence rate. During 2005, the regional HIV prevalence rate was estimated to be 4.5 percent (5.5% for women and 3.9% for men) (MoH and NHAPCO, 2006). This figure is relatively higher than the national average, which is 3.5 percent. Similarly, the urban areas in the region had one of highest estimated HIV/AIDS prevalence rates in the country: 13 percent (15.3% for women and 11.7% for men). During the same period, about 48,000 people in the Amhara Region had died of AIDS.

Women in the Amhara Region play an important role in the region's economy. During 2005, about 68 percent of the women were engaged in agriculture, 15 percent in sales and services, 12 percent in skilled and unskilled labour, and 4 percent in professional, technical and clerical sectors (CSA and ORC Macro, 2006). Despite their important role in the region's economy, women are in a disadvantaged position in many ways compared to their male counterparts. As indicated earlier, they are disproportionately represented among people living with AIDS (MoH and NHAPCO, 2006). The female illiteracy rate is twice as high as the male illiteracy rate (CSA, 2004a). The participation of women in the agricultural extension service is very limited (Jackson et al, 2000). Only 18 percent of the women are the main holder³⁶ of crops and/or livestock in the agricultural households (CSA, 2008b). Compared to men, women exercise limited independent ownership rights over the household plot, livestock, and the family house (Wondimu et al., 1997). Nearly half of the women in the region are excluded from the household decision-making process. In addition, women and girls in the region are victims of traditional cultural practices, such as early marriage (CSA and ORC Macro, 2006; Kitaw et al., 2003).

³⁶ According to CSA (2008), "... the holder may be regarded as the person, who with or without the help of others, operates land and/or raises livestock in his/or her own rights ..., and,... determines the utilization of the products".

During 1999, the total unmet rural financial demands for the rural poor in the region was estimated to be 76 percent. This means that only a fourth of the rural poor in the Amhara Region had access to credit services from the formal or commercial banks in 1999 (Renee et al, 2000, as cited in Shiferaw and Amha, 2001). Like in many parts of the country, the population of the Amhara Region access financial services largely through the informal sector. A study has shown that relatives/friends and private money lenders provide credit for nearly two-thirds of the poor households, followed by MFIs (27%) and cooperatives (8%) (Emana et al., 2005). Different microfinance institutions operate in the region, including the Amhara Saving and Credit Institution (ACSI), one of the study's MFIs, which is the largest institution in Africa.

b. The Southern Nations, Nationalities and People's Region

The Southern Nations, Nationalities and People's Region (SNNPR) is located in the southern and south-western part of Ethiopia. The region borders with Kenya to the south, Sudan to the southwest, Gambella Regional State to the west, and Oromiya Regional State to the north and northeast (Figure 4.1). The region covers an estimated area of 112,343 square kilometres, subdivided into nine administrative zones. There are more than 45 ethnic and cultural groups within the region with their own linguistics and cultural identities, which form the basis for the administrative divisions. According to the 2007 Population and Housing Census, the total population of the region was estimated to be 15.04 million (about half of them women) with an annual growth rate of 2.9 percent, which was the highest in the country. The region constituted a fifth (20.4%) of the country's population. The overwhelming majority (90%) of the population in the region lives in the rural areas. Ten ethnic groups³⁷ together make up 75 percent of the region's population. Over half (55%) of the region's population belongs to the Protestant Christian religion, while 20 percent are Orthodox Christians, 14 percent Muslims, and 8 percent adheres to traditional and other religions (PCC, 2008). Both monogamous (82%) and polygamous type of marriage are practiced in the region (18%) (CSA and ORC Macro, 2006).

The region, with its diverse agro-ecological zones, has diversified farming systems, in which both annual and perennial crops are grown. The region is known for *enset*³⁸ (*enset ventricosum* or false banana) and cash crops, namely coffee and *Khat*³⁹. Household agricultural enterprises form the main source of income for 62 percent of the rural households, followed by household non-agricultural enterprises (11%). During 2004/2005, the SNNPR was among the few regions with the highest percentage (above the national average) of rural households earning income from household non-agricultural enterprises (CSA, 2007).

During 1999/2000, poverty in the SNNPR was alarming, with about half of the population living in absolute poverty. During 2003, slightly more than a quarter of the region's population experienced food shortages and nearly half of the rural households were unable to produce food for more than six months (MoFED, 2002). On the other hand, during 2004/05, the rural area of the SNNPR had one of the highest daily gross calorie intakes in the rural areas in Ethiopia, amounting to 2728 (CSA, 2007).

The SNNPR has one of the lowest HIV/AIDS prevalence rates, namely 2.3 percent (2.6% in women and 2% in men). The corresponding percentage for the urban and rural areas was

³⁷ This includes Sidama (11.34%), Welaita (10.71%), Hadiya (8.02%), Gurage (7.52%), Gamo (6.96), Keficho (5.43%), Silte (5.36%), Gedo (4.92%), Kembata (3.81%), and Dawro (3.2%).

³⁸ *Enset* is an important staple crop in the southern and south-western parts of Ethiopia.

³⁹ *Khat* A stimulant evergreen shrub derived from *Catha edulis*

estimated to be 10.2 and 1.5 percent, respectively. Moreover, during the same period, an estimated 17,885 people have died of AIDS (MoH and NHAPCO, 2006).

Women in the SNNPR play a significant role in the region's economy, particularly in the sales and service sector. A study has shown that, during 2005, nearly 60 percent of the region's women were employed in the sales and service sector, compared to 5 percent of the men. The proportion of women engaged in the agricultural sector, on the other hand, was much lower (27.5%) than the proportion of men engaged in the same occupations (89%) (CSA and ORC Macro, 2006). During 2003, women comprised about half of the urban informal sector operators in the region (CSA, 2004b).

In many areas of life, women in the SNNPR experience disadvantage compared to their male counterparts. They are more illiterate, exercise limited decision-making power, and earn less income than men (CSA and ORC Macro, 2006). The unemployment rate in the region appeared to be higher among women compared to men (CSA, 2006; CSA and ORC Macro, 2006). Only a fifth of the women in the region had crops and/or livestock holding rights within the household (CSA, 2008b). Moreover, women exercised relatively limited control over household properties, including livestock, the house and land, compared to their husbands (Wondimu et al., 1997). Furthermore, women in the SNNPR appeared to exercise limited authority over their own health, large purchases, daily purchases and mobility, compared to men in the region, and women in the Amhara Region (CSA and ORC Macro, 2006).

Customary rules governing property distribution during death and divorce appeared to be more discriminatory towards women (Fafchamps and Quisumbing 2002; Bevan and Pankhurst, 1996; WAO and World Bank, 1998). For example, as mentioned in section 4.4., about 26 percent of the widows in the region did not inherit the property of their deceased husbands (CSA and ORC Macro, 2006). However, the degree of women's control over household property also appeared to vary greatly among different ethnic groups in the region. According to the study by Wondimu et al. (1997), the proportion of women who do not own household land tends to vary between 86 percent among the Gurages to 46 percent among the Sidama ethnic groups. On the other hand, a relatively larger proportion of women in the SNNPR (48%) appeared to exercise a more significant authority over their earnings compared to women in other rural-dominated regions (CSA and ORC Macro, 2006).

Women in the SNNPR are also victims of different violent practices. For example, about 71 percent and 13 percent of the women in the region were circumcised and married through abduction, respectively (CSA and ORC Macro, 2006).

Like in many regions, access to finance continues to be a problem in the SNNPR. During 1999, the total unmet rural financial demand in the region was estimated to be 68 percent. The coverage by the formal financial sector (both MFIs and commercial banks) was limited to 32 percent (Renee et al., 2000, as cited in Shiferaw and Amha, 2001). A study in two zones in the region showed that over 61 percent of the households accessed credit from private money lenders, about 18 percent from relatives/friends, and 9 percent from *eqquib*. The proportion of poor households who accessed credit from MFIs was limited to 9 percent (Emana et al., 2005). The Omo Microfinance Institution (OMFI), one of the study's MFIs, is the major microfinance service provider that covers all the zonal administrations of the region.

c. Key differences between the two studied regions

Based on the previous section, Table 4.4 summarizes the key cultural, demographic and socio-economic differences between the Amhara and SNNP Regions. As indicated in the table, the Amhara and SNNP Regions differ in several ways. The majority of the Amhara region population belongs to the Amhara ethnic group, while the population of the SNNPR is made up of several ethnic groups. The main religion in the former is Orthodox Christianity, followed by Islam, while in the latter, it is Protestant Christianity followed by Orthodox Christianity and Islam (PCC, 2008). In both regions, marriage is predominantly monogamous, but the polygamous marriage is also prevalent in the SNNPR. The majority of the population in the Amhara and SNNP Regions lives in the rural areas and generates their earnings in the agricultural sector. However, agriculture is relatively diversified in the latter region. In addition, a relatively larger proportion of the rural population in the SNNPR has earned income from household non-agricultural enterprises in comparison to the rural population in the Amhara Region (CSA, 2007).

The Amhara Region and the SNNPR show both similarities and differences regarding the gender division of labour in economic activities. In both societies, agriculture is the main source of employment for the male population. However, the degree of female participation in the agricultural sector in the two regions varies significantly. A relatively higher proportion of Amhara women are engaged in the agricultural sector compared to women in the SNNPR. Conversely, the proportion of women engaged in the sales and service sector appears to be higher for women in the SNNPR compared to women in the Amhara Region (CSA and ORC Macro, 2006).

With regard to the position of women, women in the Amhara Region appear to enjoy a relatively significant role in household decision-making (CSA and ORC Macro, 2006), and ownership over land, livestock and the house, compared to women in the SNNPR (Wondimu et al., 1997). Traditionally, Amhara women appear to exercise “equal” rights over household property compared to men (Levine, 1965), although they can be marginalized in some cases (Bevan and Pankhurst, 1996; Pankrust, 1992). The rules governing the property disposition during death and divorce in the Amhara Region grant females an equal right to own property with males (Fafchamps and Quisumbing 2002; Bevan and Pankhurst 1996; WAO and World Bank, 1998). For example, the rate of widow property disposition in the Amhara Region has been estimated to be 14 percent, which was the lowest in the country, while the SNNPR has one of the highest rates (26%) (CSA and ORC Macro, 2006). In addition, the 1997 land re-distribution carried out in the Amhara Region has significantly contributed to women exercising an “equal” land-holding right compared to men. Meanwhile such a process was underway in the SNNPR at the time of the data collection.

Table 4. 4 Key differences between the Amhara Region and the SNNRP.

S No	Variable	Amhara Region	SNNPR
1	Population of 2007 in millions	17.21 (87.4% rural)	15.04 (90% rural)
2	Major ethnic group(s)	Amhara (91.2%)	Over 45 ethnic groups
3	Major religion	Orthodox Christian (82.5%) and Islam (17%)	Protestant Christian (55%), Orthodox Christian (20%) and Islam (14%)
4	Marriage Monogamy Polygamy	97% 3%	82% 18%
5	Economy and sources of income	Dominated by agriculture (69%) Household non-agricultural enterprises (5%)	Dominated by agriculture (62%) Agriculture is diversified and includes cash crops (coffee, khat, fruits), <i>enset</i> crop. Supplemented by household non-agricultural enterprises (11%)
6	Male employment: Female employment	Mainly agriculture (87%) Agriculture (68%), followed by sales and service sector (15%)	Mainly agriculture (89%) Sales and service sector (59%), followed by agriculture (28%)
7	Women's position: Property ownership (land, livestock, etc) ^b Household decision-making ^a Decisions on women's earnings ^a Prevalence of FGM ^a Prev. of marriage by abduction ^a Widow property disposition ^a	" Joint" ownership with male dominance Same as above " Joint" decisions, with female dominance 69% 2% 14%	Male dominance with limited "joint" ownership Same as above Female dominance with limited "joint" decisions 71% 13% 26%
	Customary practices ^c governing rules of property distribution	Grant women more or less equal rights compared to men	Women are discriminated against
8	HIV/AIDS prevalence Regional Male Female	4.5% 5.5% 3.9%	2.3% 2% 2.6%

Sources: S. No. 1-3 (PCC, 2008), 5 (CSA, 2007), 4, 6 and 7^a (CSA and ORC Macro, 2006), 7^b (Wondimu et al., 1997), 7^c (Fafchamps and Quisumbing, 2002; Bevan and Pankhurst, 1996; WAO and World Bank, 1998) and 8 (MoH and NHAPCO, 2006).

4.6.2 The study's *Kebeles*⁴⁰

a. *Mangudo Kebele*

In the Amhara Region, the study was conducted in the *Mangudo Kebele*, the Moretna Juru district, the North Shoa zone (Figure 4.1). The *Mangudo Kebele* is a rural *Kebele* located on the Debere Berehan-Enewari road, 5-10 kilometres from the district town of Enewari. According to the data obtained from the Moretna Juru district administration, the total

⁴⁰ Secondary information about the study *Kebeles* was hardly available. As a result, the information presented here was mainly obtained through key informants interviews and credit group members.

population of the *Kebele* in 2004 was estimated to be 5,446 (50% females). There were about 1468 households, 30 percent of which were headed by women. Amharic is the main language spoken in the area. Orthodox Christianity is the main religion and monogamy is the main form of marriage practiced in the area.

The main source of livelihood for the population of Mangudo *Kebele* is mixed crop-livestock farming. Cereals (such as wheat, *teff*), pulse (cheek peas, field peas, faba beans, grass peas, lentils), and oilseeds (linseed) are the major crops grown in the *Kebele*. Livestock plays an important role in the local economy. The fattening of oxen and sheep (also breeding) is commonly practiced by most households in the *Kebele*. Livestock is a source of draught power, cash income, food, clothing, transportation and fuel. Oxen (also horses) are used for ploughing farmlands, and then fattened to generate cash income. The population of the district in general and Mangudo *Kebele* in particular have very limited access to non-farm and market opportunities. A few households supplement their income through off-farm activities in wage employment, trading and local brewing. The market infrastructure in the Moretena Juru district is very limited. Farmers in the area usually sell their agricultural produces on the Enewari market, to traders and the Mangudo *Kebele* farmers' cooperative. In the whole district, there are two weekly main markets, located in the towns of Enewari and Juhur. The population of the Mangudo *Kebele* accesses the market in Enewari on foot. Another weekly small market (*gullet*) is located within the *Kebele*. The livestock market located in Enewari attracts many livestock traders from the surrounding districts and from other regions.

Agriculture is a joint household economic activity and all household members play an important role in the production process. The head of the household (be it male or female) often assumes the ultimate responsibility for organizing agricultural activities. Some agricultural tasks are allocated to household members across age and gender lines. Men and grown-up boys are exclusively responsible for the ploughing, sowing and threshing tasks. But women and girls undertake side tasks, including *gulgualo* (land preparation), preparing the line for sowing, and preparing the threshing fields. Irrespective of gender and age, all able-bodied household members participate in weeding, harvesting crops, tending livestock, feeding animals, etcetera. In order to supplement independent earnings and family earnings, women in the area undertake local alcohol brewing.

Like in many other parts of the country, women and girls in the Mangudo *Kebele* are solely responsible for domestic activities, including cooking, food processing, fetching water, collecting animal dung, cleaning and washing, etcetera. The gender-based division of labour disproportionately affects women, because they have dual responsibilities in both agricultural production and the domestic sphere.

Women in the Mangudo *Kebele* have a more or less equal role in household decision-making. The 1997 land redistribution in the area has ensured women's equal right over land allotted to the household. As a result, women have an equal right over the household plot during divorce. They are involved in land rental decisions and decision regarding the disposal of household property, including crops, animals, etcetera. According to key informants, the improvement in women's land right has contributed to women's bargaining power and their opportunities in the marriage market. According to interviews with key informants, knowledge and the division of responsibilities are also important determinants of individual decision-making power within households. For example, traditionally, women in the area are responsible for milking dairy cows and processing butter. A woman is believed to be more knowledgeable about the amount of milk production, age and behaviour of a dairy cow than her husband. This seems to provide women with the power to

influence decisions concerning dairy products and dairy cows. On the other hand, men tend to influence the selling of oxen, since they are responsible for ploughing. In general, men are found to be the ultimate decision-makers within married couple households, because they are assumed to be responsible for the welfare of their families and are considered more knowledgeable than their wives.

In the study's *Kebele*, agriculture is the main sources of income for both men and women. In most cases, women earn petty cash income from small-scale poultry production, a dairy product (butter), the household grain local brewery and selling animal dung, while men mostly earn cash income from grain and livestock. Traditionally, women are responsible for covering expenses related to food, light, and sanitation. Men, on the other hand, are in charge of paying tax, buying fertilizer, clothing, medical fees, and the children's education. In addition, part of men's income is also spent on personal expenses, such as alcoholic drinks, food and prostitution, etcetera.

Women in the Mangudo *Kebele* have little involvement in the public sphere and community leadership, except for some involvement in traditional associations, such as the *iddir* (the funeral and mourning association), the *eqquib* and *mahiber* (the religious association), and in recent years credit group-related gatherings. ACSI-initiated credit- and saving-related gatherings has given women the opportunity to participate in the public sphere and to access information beyond financial services. However, in most cases, husbands appeared to represent their wives in such gatherings.

The key informant disclosed that the *Kebele* population is susceptible to the HIV/AIDS virus due to men's engagement in extra-marital affairs in the nearby town. The *Kebele* is close to the town of Enewari, which had an HIV/AIDS prevalence rate of about 12 percent in 2003 (MOH, 2005). According to key informants, tuberculosis and colds are the major causes of death in the area, and given the sexual behaviour of the community, these causes might be related to HIV/AIDS. However, the issue was not considered as a serious problem and there is a huge silence about the virus. Perhaps this is due to a stigma attached to HIV/AIDS.

The *Kebele* population access credit from formal and informal sources, including local money lenders, relatives/friends, the *eqquib*, the ACSI (Amhara Credit and Saving Institution), and service cooperatives (also government projects). According to key informants, local money lenders charge a 100 percent annual interest rate on loans. As a result, local money lenders are not widely used as a source of credit. The service provided by the cooperative is limited to credit in kind (seeds and fertilizer) to members who are head of their household. The operation of the ACSI in the Mangudo *Kebele* will be discussed in section 4.3.

b. Dirama-Shershera, Wita and Wolenshu-Aned, Kebeles

In the Southern Nations, Nationalities and People's Region (SNNPR), the study was conducted in three adjacent rural *Kebeles*, namely Dirama-Shershera, Wita and Wolenshu-Aned, which are located in the Meskan district, in the Gurage zone (Figure 4.1). The *Kebeles* are located 5-10 km from the capital town of the district, Butajira. According to local administrations, during 2004, each *Kebele* had 3,000 to 3,750 people, organized into 400 to 500 households. The key informant revealed that the proportion of women in the studied areas was relatively higher because of male out-migration in search of economic opportunities. For example, in the Dirama *Kebele*, the proportion of women was estimated

to be about 57 percent. At the time of the key informant interviews, about eighty men from the Wolenshu 1 *Kebele* had migrated to other areas.

According to key informants, the studied population belongs to the Gurage ethnic group. The different dialects of the Gurage language, including Meskan, Dobe, Woleni and Sodo, and the Amharic language are widely spoken in these areas. The majority of the population in the studied *Kebeles* are Muslims, followed by Orthodox Christians. In recent years, the number of individuals converted to Protestant Christianity has been growing. The distribution or the concentration of religious groups varies greatly between different agro-ecological zones. More Orthodox Christians are to be found in the *enset* farming culture, a crop grown in moderate and higher altitudes. According to the local officials, the Wolenshu-Aned *Kebele* is an *enset*-growing area, and the majority of the people living in the *Kebele* are Orthodox Christians. The Muslims, on the other hand, are concentrated in the lowlands (Dirama-Shershera and Wita *Kebeles*), which are maize-, pepper- and *khat*-growing areas.

In the Gurage study areas, both monogamous and polygamous forms of marriage are practiced. With the exception of the Protestant Christians, both Muslims and Orthodox Christians practice polygamy. According to key informants, over the past years, the practice of polygamous marriage has been declining. In a polygamous household, all the wives may either live in the same compound or in different localities outside the *Kebele*, in other districts or regions. Although in such a marriage, the man is expected to visit each wife in turn and to treat all the wives equally, in most cases he stays with the younger wife. Some women in a polygamous relationship can be depicted as *de facto* head of the household, because they hardly get support or visits from their husbands. They consider themselves as married because their husbands did not legally or traditionally divorce them. According to the key informants, in the past, inheriting the wife of a deceased brother (a close relative) was common practice among Muslims. But nowadays, the practice is nearly abandoned, except by those already living in such a relationship.

The major sources of livelihood and income for the majority of the population of these *Kebeles* are agriculture and trade. The agricultural sector was more diversified compared to the Mangudo *Kebele* in the Amhara region. Cereals, legumes, *enset*, red pepper and chilli, fruits, coffee and *khat* are widely grown, depending on the agro-ecological zone. As already stated, maize and *enset* crops are grown in the lowland and the highland *Kebeles*, respectively, and these crops are staple crops for the population of these respective areas. *Teff*, pepper, coffee, *khat* and fruits are sources of cash income for most households. Livestock is part of the crop farming system: it is a source of both draught power in cultivation and organic fertilizer (particularly for *enset* crops), and provides food and cash earnings as well.

Historically, the Gurages are known for their business orientation. They (mostly men) migrate to different parts of the country to do business. Both men and women participate in trading. In all three *Kebeles*, women are increasingly involved in trading to generate an independent income. Key informants mentioned two plausible reasons why women increasingly engage in trading. They noted that women have little access to household resources (cash and agricultural produces) and, as a result, try to generate independent earnings through trading. The second reason is related to those women in a polygamous union who get little support from their husbands. Because women in a polygamous union do not get sufficient support from their husbands, particularly if the husband lives in

another area, they engage in trading to supplement their income, which enables them to support their families.

The market infrastructure in the Meskan district is relatively developed in terms of the availability of the markets, business opportunities and transportation. Traders in the studied *Kebeles* identified about 20 weekly markets located both within the district and in the neighbouring districts, which are used by the traders in the studied *Kebeles*. In addition, there is one weekly market located in the Dirama-Shershera *Kebele*, which is referred to as the “women’s market”. On this market, only women from the surrounding *Kebeles* conduct market transactions. This market is especially important for distant female traders to purchase weekly food items and related commodities. In terms of transport facilities, most traders travel to market on foot, but there is also public transport and donkey carts to travel to some of the markets. Long-distance traders (who have to travel up to 4 hours) usually travel on foot, after having loaded their tradable goods on a donkey.

In the studied *Kebeles*, the rights and obligations of the husband and wife are clearly stipulated, and tend to reflect the prevailing hierarchical gender relations within households. According to key informants, traditionally, men tend to own and command household properties, including land, with the exception of some senior co-wives in the polygamous household. In married couples’ households, land is registered in the name of the man, who is traditionally and officially the head of the household. When a man takes a second wife, he often transfers part of the household land to the name of his senior wife, to enable her take care of their common children. There are also female-headed households, mostly widows, who have land registered in their name. At the time of this study, the district administration was in the process of re-registering household land in the name of both husband and wife.

Traditionally, men exercise significant control over the household production in the studied areas, with the exception of subsistence food crops (*enset*, maize and cabbage), and poultry and dairy products. Women often command subsistence food crops, but it is often hardly sufficient to cover the annual household food requirements in poor households. In this society, a wife is not expected to ask her husband for money to cover domestic expenses. She normally generates her own income by engaging in off-farm income-generating activities. There are various economic opportunities for women in the studied areas, including petty trading, local brewing, poultry, daily labour and handicraft. According to the head of the Meskan district Women’s Affairs Office, women’s trading ability is seen as an important criterion for marriage. There is a strong economic exchange in the area, even between married couples. It is common for a man to sell home-produced crops to his wife in wholesale (market price), after which the wife retails it on the market to generate her own income. The *Equip* or the ROSCA (Rotating Saving and Credit Association) are the main source of capital for women’s business.

In the studied *Kebeles*, there is a clear gender-based division of tasks and responsibilities. All household members participate in agricultural production, but the scale of their involvement varies greatly. Agriculture is generally considered as men’s economic domain, despite women’s important contributions and their expertise in *enset* farming, pepper production, and vegetable production. As already mentioned, women are also engaged in different income-generating activities, such as trading (maize, pepper, coffee, food and drink), local alcohol processing and handicrafts. Some men in the area are involved in trading crops (grain and pepper) and cattle. According to the division of labour, trading livestock is exclusively left to the men, while butter and cheese trading is left to the women.

Poor men and women participate in wage employment. However, the men get a relatively higher wage compared to the women⁴¹. Men get a higher wage because their work is considered more demanding than that of women.

Like on the Amhara location, women on the Gurage location are solely responsible for household chores such as child care, food processing and preparation, and fetching water. Some tasks, such as water fetching, takes more time due to water scarcity, especially in the lowland areas. *Enset* processing is the other time-consuming activity for women. To overcome this problem, groups of women exchange labour and/or hire casual female labourers for *enset* processing.

Although Gurage women have great public exposure and involvement in market activities,, their participation in community affairs is limited to informal gatherings, such as the *iddir*, *eqquib*, and religious networks and, in recent years, credit group-related group meetings. As a result, like women on the Amhara location, their involvement in community decision-making and leadership is very minimal.

Despite the prevalence of male mobility in search of employment, HIV/AIDS was not mentioned as a problem by the key informants in these *Kebeles*. People are also said to be aware of the virus.

The source of credit in the studied areas includes private money lenders, the *eqquib*, relatives/friends and the *iddir*, the OMFI (Omo Microfinance Institution), cooperatives, and government projects. As part of agricultural extension programmes, government projects provide fertilizer credit (also for livestock fattening). The OMFI is the only microfinance institution that provides credit and saving services to the population in the three *Kebeles* through its Meskan district subbranch office.

4.2.3 The studied microfinance institutions

Table 4.5 summarizes the history, objectives, and target groups of the Amhara Credit and Saving Institution (ACSI) and the Omo Microfinance Institution (OMFI).

a. History and objective

ACSI began its operations in 1995 as a saving and credit scheme for the Organisation for the Rehabilitation and Development in Amhara (ORDA), a local NGO operating mainly in the Amhara Region⁴². Following the issuance of microfinance law in Ethiopia in 1996, this scheme was developed into ACSI and was licensed in April 1997 to operate microfinance services in the Amhara region. The ACSI is owned by the government of the Amhara Region and regional NGOs, namely the ORDA, the Amhara Development Association (ADA), the Amhara Women Development Association (AWDA), and the Endeavour, which has a strong affiliation with the Amhara region's government.

The ultimate goal of ACSI is poverty alleviation, and its primary mission is to improve the economic situation of low-income, productive-poor individuals in the Amhara region

⁴¹ The daily wage rate for an adult man is ETB 5-8, while for an adult woman it is ETB 3-5.

⁴² The ORDA was formed in 1991 to provide relief food assistance to drought- and war-affected parts of the Amhara region. With ORDA's shift from direct food handouts to involvement in long-term and sustainable development, the organisation designed a pilot saving and credit scheme to assist low-income households in the region.

through increased access to lending and saving services. ACSI gives priority to rural and remote communities and to women within these communities. It asserts that women and men experience different forms of poverty and deprivation, and that giving credit to women will have a significant impact on both household poverty, and women's bargaining power within households. ACSI seeks to maintain cost effectiveness in its service delivery and integrates its interventions with government and NGOs working to address food security and poverty alleviation in the region. Although ACSI operates in a region where the HIV prevalence rate (4.5%) is relatively high compared to the national average (3.5%) (MoH, 2006), it has not yet explored and prepared to adopt a policy measure to overcome HIV/AIDS-related potential challenges in its interventions. Nevertheless, it has been actively engaged in a HIV/AIDS prevention campaign through monthly centre meetings for clients at the grassroots level.

OMFI was established in 1997 by the initiatives of the government of the Southern Nation's, Nationalities and Peoples' Region (SNNPR), for the purpose of providing microfinancial services to low-income households in the SNNPR. OMFI is mainly owned by the SNNPR government and its affiliated development and business organisations, such as the SNNPR Development Association and the Wondo Trading Company (OMFI, 2003a).

OMFI also aims at poverty alleviation through the provision of sustainable microfinance services to the economically active but resource-poor individuals in the region (OMFI, 2003a). OMFI appreciates the role of women in household food security, and recognizes the need to enhance women's empowerment. In line with this, OMFI has stated in its operational policy and procedural manual that it will give special emphasis to women. However, no target was set. In its strategic document, OMFI identified the spread of HIV/AIDS as a potential threat to loan repayment, and proposed to carry out an impact assessment. However, its intention had never been realised until the time of the compilation of this report in 2005.

b. Target groups

ACSI prioritizes its financial services (particularly its credit services) to the most disadvantaged areas, groups and individuals in the region. In order to have an impact on poverty and food insecurity, it gives priority to food-insecure districts and *Kebeles* (ACSI, 2004)⁴³. However, it has gradually expanded its programmes to economically better off areas. At household level, only one adult is eligible for ACSI's loan. ACSI employs various strategies to identify its poor target groups. In the rural areas, individuals or households with only one or no ox, and those who cannot fulfil their annual food consumption are considered as poor. In the urban areas, petty traders and low-income (less than ETB 300 per month), salaried individuals are entitled to participate in ACSI credit programme. However, in different localities, different poverty indicators may be used to identify low-income groups, depending on the local poverty context. ACSI employs a participatory approach in its target group selection by involving the *Kebele* Credit and Saving Committee⁴⁴ and community members to review the economic background of individual loan applicants and their social reputation. Gender-focused targeting is another important targeting strategy

⁴³ Food insecurity districts/ *Kebeles* refer to areas that are unable to meet annual food requirements of their population and often are dependent on food aid.

⁴⁴ The Kebele Credit and Saving Committee comprises representatives of local administration and community-based organisations (a youth association, women's associations).

used by ACSI. Accordingly, as a policy it intends to target 50 percent of its credit services to poor women.

OMFI recognizes the increasing credit demand in the SNNPR, but remains incapable of expanding its services to all the districts, due to a complex set of problems that include a lack of efficiency, a lack of loan-able funds, and a high loan default (OMFI, 2003a). As a result, OMFI delivers its credit services to “priority” areas in the SNNPR. Unlike ACSI, OMFI did not use poverty or other forms of exclusion (poor areas, geographical isolation) as a criterion in the selection of target areas. OMFI targets programme localities based on key qualities of an area and its residents, including a good loan repayment history, a good working culture within the community, the existence of or potential for diversified activities, and a high potential for saving mobilization, which is pivotal for the institution’s financial return but has little relevance for poverty. This may suggest that poor remote areas are excluded. Nevertheless, in the selection of target individuals or households for its credit service, OMFI applies poverty as a criterion both in the rural and the urban areas. OMFI defines as rural poor those individuals or households that have one ox and a half hectare of farmland or less, and like with ACSI, this criterion is subject to revision, depending on the socio-economic context of an area. In the urban informal sector, operators such as petty traders, handicrafts and service providers, and low-income civil servants are considered to be eligible for OMFI loans. OMFI also employs a participatory approach in the identification of low-income individuals and households. The *Kebele*-level Credit and Saving Committee screens loan applicants on the basis of the poverty criteria developed by OMFI, which takes account of local contexts. The Committee appraises the individual or household income level, based on its knowledge of the applicants and the reports of the loan applicants themselves on property ownership conditions. After the Committee has screened potential candidates, community members are expected to endorse the selection decision.

Programme outreach

ACSI has shown an impressive outreach and substantial growth in terms of regional coverage, the number of clients reached, and the amount of loan disbursed. By the end of 2005, it covered all eleven zones, all the districts, and 67 percent of the *Kebeles* in the Amhara region through its 174 subbranch offices. By mid-July 2007, the ACSI had more than half a million active loan clients, with an outstanding loan balance of about ETB 744 million and client saving of over 387 million (AEMFI, 2008). The percentage of women clients of the total active clients increased from 33 percent in 1995 to 50 percent in 1998; afterwards, it gradually declined, to reach 30 percent in 2003 (ACSI, 2004).

OMFI works in all nine zones and about half (53) of the districts in the SNNPR. By mid-July 2007, OMFI had 120,000 active credit clients, with a loan outstanding balance of over ETB 135.4 million and a client saving of ETB 35 million (AEMFI, 2008). Although there has been an increase in its number of active clients between 1998 and mid-2005, the OMFI is characterized by a slow rate of expansion and growth rate compared to ACSI. The proportion of female clients in the total of active loan clients appears to have been fluctuating over the years, reaching its peak (43%) in 2000, followed by a decline in 2001-2002 to 35 percent, and to 38 percent at the end of 2003 (Appendix 4.3).

Table 4.5 ACSI and OMFI: History, Objectives and Target Groups.

description	ACSI	OMFI
Date of establishment/ registration	1995/1997	1997
Operational region	Amhara Region	SNNPR
Main objective	Poverty alleviation	Poverty alleviation
Shareholders	Regional Government (25%) ORDA (35%), ADA (20%), AWDA (10%) and Endeavour (10%)	Regional Government (80%), SNNPR DA (10%), Wondo Trading Co. (9.55) and 2 individuals (.5% each)
Criteria for selection of target area	- food-insecure areas, income- generating potential, credit history	- diversified economy ,high potential for saving mobilization, accessibility
target group (men and women)		
Rural poor	Who do not own more than one ox.	Who do not own more than one ox / a half hectare of land
Urban poor	Petty traders	Petty traders
Low-income salaried individuals	Earning a salary less than ETB 300 ⁴⁵ per month	Low-income, not further defined
Others, non-poor	Cooperatives,Business operators	Micro- and small-scale entrepreneurs (MSE)

Sources: ACSI (2003, 2004) and OMFI (2003a, 2003b).

d. Financial products

Table 4.6 presents details of financial products delivered by both ACSI and OMFI. They both extend loans for low-income households exclusively for investment in economic activities. As a result, borrowers are expected to use their loans for the intended economic activities, and not for direct consumption purposes. Both institutions deliver two types of microloan products for their low-income borrowers⁴⁶: end-term (agricultural loans) and instalment loans,. More than three-fourths of the ACSI's loan portfolio was invested in agriculture-related activities, while the proportion of the ACSI's loan portfolio invested in the off-farm sector was limited to 15 percent (ACSI, 2005). Similarly, a significant proportion (65%) of the OMFI loan portfolio was invested in agriculture-related activities. Compared to ACSI, a higher proportion (33%) of the OMFI loan portfolio was invested in the off-farm sector (OMFI, 2003c). This difference could be partly due to the existence of better non-farm economic opportunities in the SNNPR.

⁴⁵ During July 2007, one United States Dollar was equivalent to ETB 8.65.

⁴⁶ Term loans are intended for investments in agricultural activities, including livestock husbandry, poultry, beekeeping, the purchase of agricultural inputs (fertilizer, seed, and pesticide), etcetera. Such loans are mostly extended before the commencement of the farming season, and its loan repayment schedule often corresponds with the harvesting season. The repayment of the principal loan and the interest is made in one instalment at the end of the agreed loan term. The instalment loan is designed for microbusiness operators engaged in petty trading, manufacturing, and the service sector. Unlike most agricultural investments, non-farm income-generating activities offer periodic earnings that enable business operators to settle their loans in a number of small weekly or monthly instalments. The instalment loan product is usually intended to satisfy the credit demands of the urban poor, whose livelihood is based on self-employment in the informal sector.

Until 2004, ACSI and OMFI limited their maximum loan size for their low-income borrowers to ETB 5000 as per the National Bank Directive No.MFI/05/06, which prohibited lending more than this amount. In line with this, ACSI and OMFI's first-time borrowers were eligible to borrow a maximum of ETB 750 and 1000, respectively. These amounts, however, were subject to increases through subsequent loans (loan cycles) depending on the loan repayment history of the borrower. ACSI charges an 18 percent interest rate per annum on end-term and instalment loans, which is calculated on the declining loan balance (USAID, 2005). OMFI annually charges 15 percent (flat rate) and 18 percent (declining rate) interests on instalment and end-term loans, respectively.

ACSI and OMFI also provide saving facilities to their borrowers, non-borrowers, and different institutions. The objectives of the saving schemes are: to create opportunities for people to save, to serve as loan guarantee, to increase loan-able funds, and to generate profit to be able to cover costs. Compulsory and voluntary savings are the main types of saving mobilized by ACSI and OMFI. A compulsory saving is an obligatory saving designed for poor borrowers, who get small loans free from material collateral. A voluntary saving, on the other hand, is open to any individual and institution.

Both ACSI and OMFI do not ask material collateral from their poor borrowers (end-term and microbusiness lending schemes). However, in order to minimize loan repayment risks associated with lending to poor borrowers, ACSI and OMFI use various strategies that serve as a guarantee for loans. The dominant strategy is a group guarantee in the form of social collateral. In the group lending approach, group members assume joint or mutual liability for the repayment of their members' loans. In order to access loans, loan-eligible candidates are required to form a group of 4-5 (ACSI) and 3-5 (OMFI) to assume joint liability for loans taken by members. Seven to ten credit groups form another institution called a Centre. A Centre is formed to strengthen and monitor joint loan repayment responsibility, to facilitate the compulsory saving collection and to provide a forum for delivering information to clients in a given locality. Both ACSI and OMFI provide loans to all individual group members at the same time, and if a group member fails to repay his/her loan, all members in the group will be considered in default and are jointly accountable for the repayment of the defaulted loan. The second form of loan guarantee for group loans is compulsory saving. Compulsory saving is used if group members fail to fulfil their loan repayment obligations.

Table 4. 6 The features of main loan products by ACSI and OMFI for the poor.

Description		ACSI		OMFI	
Loan product	End-term	Instalment		End-term	Instalment
Lending methodology	Group	Group		Group	Group
Interest rate and type	18% declining balance	18%	declining balance	15% flat	18% declining balance
Loan term	9-24 months	3-24 months		1-2 years	24 months
Repayment schedule	End of term/semi-annual	Monthly		End of term	Monthly
Up-front saving	5% up-front,	3% up-front,	1%	5% up-front	5% up-front
Compulsory savings	1% monthly	monthly		ETB 6 monthly	ETB 6 monthly
Savings					
Minimum	ETB 150-200	ETB 200		ETB 200	ETB 200
Maximum	ETB 3000	ETB 5000		ETB 5000	ETB 5000
Maximum first-time loan	ETB 750	ETB 750		ETB1000	ETB1000
Predominant use	loan Agriculture	Processing, manufacturing trade & service		Agriculture	Business
% of portfolio	76.67%	15.22%		65%	35%

Sources: ACSI (2004), USAID (2005) and OMFI (2003b, 2003c).

e. The ACSI operation in the studied *Kebeles*⁴⁷

The ACSI started its microcredit and saving services in the district and in the Mangudo *Kebele* in 1999. By the end of 2004, the ACSI had about 2,589 (35% women) active loan clients in the district. The Mangudo *Kebele* accounted for about 36 percent of the total active female clients in the district. According to ACSI's field staff and the credit committee in the Mangudo *Kebele*, target groups for ACSI loans were identified based on the local definition of poverty, that is, an individual or household with one or no ox. The *Kebele* credit committee reviews first-time individual loan applications based on criteria such as the individual's/household's resource ownership, health status, past loan history, and reputation. The public gets consulted about the proposed candidates for a final decision. Then, the ACSI organizes an orientation for loan candidates (and their spouses as well) for 3-7 days and teaches them about the idea of credit, saving, credit groups, loan terms, and the overall functioning of its operation. After the orientation, individuals and households are expected to make the final decision whether to join a credit group or not. Those who want to continue with the programme form a group of 5-7 individuals, mostly gender-specific. In order to avoid the possibility of male dominance in a mixed-sex group, women are encouraged to form women-only groups. Group discussions have revealed that self-selected groups set their own criteria in the selection of members, in order to avoid loan repayment risks. Groups consider different criteria, including individual health, social reputation, acquaintance, and also material ownership. As a result, very poor individuals are more likely to be excluded from joining credit groups by "not so poor" individuals. In

⁴⁷ This information is compiled mainly based on the information obtained from the staff of the microfinance institution district level and from credit group members.

addition, individual (or adult household members) with observable health problems might be excluded from joining credit groups, for fear that such a person (or household) may not invest loans in economic enterprises or may be incapable of undertaking economic activities.

The discussions with ACSI field staff and key informants suggest that ACSI used to give priority to women, because women in the area do not take the initiative to apply for loans for cultural reasons. In some cases, credit officers insist that male loan applicants withdraw their application, to be replaced by their wives' applications (see Appendix 4.4).

All loan applicants in a group are expected to fill in loan application forms indicating the size of the loan they want to borrow, and the types of investment for which the loan is sought. The credit group reviews each member's loan application and related capacity to repay the loans before it is submitted to the credit committee or ACSI. If group members are applying for loans for the first time, they present their loan application to the credit committee for further appraisal. At the final stage, credit group members' present their group loan applications to ACSI Enewari branch office. In order to ensure joint accountability for loan repayment, the branch office requires first-time married borrowers to get the consent of their spouse through their spouse's signature. It was reported by ACSI field staff that men usually do not refuse to sign for their wife's loans. However, there have been incidents in which women declined from signing for their husbands' loans, when they felt that their household did not need credit or when they disagreed with the amount of the loan requested by their husbands.

Credit groups do not have special meetings, but they meet at the time of the Centre meeting (10-15 credit groups) to collect monthly compulsory savings. ACSI is persistent in organizing and facilitating centre meetings. The forum facilitates the timely collection of savings, the dissemination of information, the monitoring of clients' progress, the communication with credit group members, etcetera. In addition, the Centre meeting is used by ACSI and other government offices to disseminate information on HIV/AIDS, family planning, women's rights, etcetera. Female members from the distant villages rarely attend Centre meetings, and as a result, their husbands or children participate in meetings on their behalf. In addition, it was also observed during the Centre meetings that women hardly participate in discussions. Throughout its operation in the Mangudo *Kebele*, ACSI's loans were extended for investment in livestock fattening. However, it encourages households to use part of their loans for chemical fertilizer.

f. The OMFI operation in the studied Kebeles

The OMFI commenced its operation in the Meskan district and in the studied *Kebeles* in 1998, and by mid-July, it had 2,005 credit group members, organized in 348 credit groups and 40 centres in fifteen *Kebeles*. During the same period, it had 1,068 active clients (26% women). The studied *Kebeles* all together comprised a fourth of the totality of active female clients in the district. OMFI provides its credit to both men and women in the study's *Kebeles*. According to OMFI subbranch office in the district, OMFI has provided its credit to microcredit business operators with special priority to poor households and women. However, the information obtained from credit groups suggests that Credit Committees in all the *Kebeles* require loan applicants at least to own some resources (land or livestock). This is to reduce the possible risk of loan default by poor households. It was found that poor people without land and livestock hardly have access to OMFI credit. In addition, the Credit Committees also tend to exclude individuals with observable health problems from accessing OMFI credit. For OMFI loan, only one individual is eligible per household, with

the exception of women in polygamous households. In a polygamous household, it is possible that more than one person may have access to credit.

After OMFI has identified its potential loan candidates, it conducts an orientation for its loan candidates (and for their spouses, too) for 3-5 days about the idea of credit, saving, credit groups, loan terms, and the overall functioning of its operation. After the orientation, individuals and households will make the final decision to join credit groups or not, and those who want to continue with the programme form a group of 3-5 individuals, mostly gender-specific. Like ACSI, OMFI encourages women to form women-only groups. Again, the experience on the OMFI locations suggests that credit group membership is mostly based on material collateral as opposed to the widely assumed social collateral. Group members also consider individual diligence, the character of the spouse (including addictions to alcohol and *khat*), and health as additional criteria in the selection of members.

The OMFI's loan application procedure is similar to that of ACSI. Group members comment on individual loan applications and make the final decision. If group members are first-time borrowers, they present the filled-in loan application to the Credit Committee for endorsement, and finally to OMFI. Like ACSI, OMFI subbranch office requires its first-time (married) borrowers to get a signature from their spouses. This is done to ensure that the husband is equally responsible for the loan repayment.

Credit groups are expected to have a regular, monthly meeting for the collection of compulsory savings. Some credit groups meet regularly to collect their monthly compulsory savings and to discuss their activities. Others only meet at the moment of loan collection, on which they also arrange the collection of compulsory savings. In one of the studied *Kebeles*, borrowers had stopped depositing compulsory savings when weather-related shocks affected their agricultural earnings and businesses. Although the structure of a Centre is in place on the OMFI location, members had stopped meeting for over three years prior to this field work in 2004-2005.

Unlike ACSI, OMFI initially extended its loans to men and women in the studied *Kebele* for investment in microbusinesses. However, after its fourth year, it shifted its loan product to livestock fattening. According to OMFI staff, this shift was made because of the request from borrowers, who complained about the difficulties they experienced with their weekly or monthly loan repayments.

CHAPTER 5 METHODOLOGY AND DESCRIPTIVE STATISTICS

5.1 The Research Strategy

This research is based on an exploratory case study and designed to gain insight into how married women's access to microfinance services may affect intra-household division of labour and decision-making. A case study design is chosen because it allows a holistic description and explanation of a given research phenomenon (Merriam, 1988). Yin (2003:13) defines case study research as, "an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and contexts are not clearly evident". In addition, case study research is used to gain a deeper "insight into one or several objects or processes that are restricted in time and space" (Verschuren and Doorewaard, 1999).

A case study research strategy can be used to explore, describe and explain complex social issues in a holistic manner. In evaluative studies, a case study offers a description of the contexts of the intervention (Merriam, 1988), and allows the assessment of programme outcomes and interpretations from *emic*⁴⁸ viewpoints. According to Tellies (1997), one of the salient qualities of a case study research strategy is that it gives a voice to the voiceless.

Case study research can be either single-case or multiple-case research. Yin (2003) provides different reasons for choosing between these two variants of case study designs. He noted that a single case study can be adopted when the case represents a critical test of an existing theory, a unique circumstance, a typical case, a revelatory case, and for longitudinal purposes. According to Yin (2003), the need for multiple-case studies arises from two replication logics, i.e., to predicate similar results or to predict contrasting results for predictable reasons. In the former, the objective is literal replication in order to ensure the external validity of a study by dealing with more than one case, while in the latter, contrasting multiple cases are studied for theoretical replication purposes. A multiple-case study design provides important "analytical benefits" compared to a single-case study design.

An important issue in a case study is defining the unit of analysis. The unit of analysis or the "case" can involve an individual, a programme, an institution, a group, or an event. Yin (2003) makes a distinction between holistic and embedded case study designs. The former involves a single unit of analysis or a single "case", while an embedded case study design involves several subunits 'embedded' in the larger unit of analysis. A holistic design is used when there is no logical subunit of analysis within the main unit of analysis. The embedded design is appropriate in a situation where there are systematic subunits of analysis within the main unit of analysis.

A major strength of a case study research strategy is that it permits using multiple sources of evidence (Yin, 2003; Merriam, 1988). Woodhouse, (1998:137) describes this as triangulation, which means "the use of multiple sources of information to test and modify one's understanding (theory) of a given problem or situation". The use of multiple sources

⁴⁸ *Emic* refers to interpretations of beliefs and behaviours from the perspective of the insiders (the local people or the natives).

of evidence gives an investigator the opportunity to deal with broad range of issues, including historical, attitudinal and behavioural ones, and helps to provide more convincing and accurate evidence. In addition, it addresses the potential problem of construct validity because of the use of multiple measures for the same phenomenon, in a manner that establishes convergent lines of inquiry (Yin, 2003). A case study research strategy also involves a triangulation of methods, which is the use of a combination of qualitative data-generating techniques, such as individual interviews, group interviews, and observation (Verschuren and Doorewaard, 1999). Qualitative data collection techniques allow the unravelling of complex and dynamic social phenomena. According to Merriam (1988:16), “qualitative research strives to understand how all the parts work together to form a whole”.

The study recognizes that resource allocation within the household usually takes place behind closed doors, and some of the aspects are too private and sensitive to be captured by the survey instrument. In addition, the high degrees of variability in intra-household resource allocation arrangements in different cultural settings require the use of qualitative methods to explore and understand localized concepts, values, beliefs, and local meanings (Gittelsohn and Mookherji, 1997). Katz (1997:12) has proposed the combination of qualitative and quantitative analysis to advance intra-household studies. She has noted that qualitative methodologies help to richly “describe the institutional features of the allocation unit”. The approach permits the unravelling of complex and dynamic social phenomena.

On the other hand, the use of a case study research strategy is often criticized because it provides little basis for scientific generalization, as its analysis depends largely on a case that is not representative of a population. However, as Yin (2003 :) has put it, “[t]he goal of the study should establish the parameters, and then should be applied to all research. In this way, even a single case could be considered acceptable, provided it met the established objective”. Yin (2003) has argued that the goal in case study research is to expand and generalize theories (analytical generalization) and not statistical generalization. Case study research is also used to develop hypotheses that are further analyzed in surveys (Katz, 1997).

5.2 Methodological issues in microfinance impact assessment

An important methodological issue that arises in microfinance impact assessment studies is the question of how to demonstrate that microfinance interventions have led to change(s). According to Hulme (1997:3), an impact assessment study seeks to “...assess the difference in the values of key variables between the outcomes on ‘agents’ (e.g. individuals, enterprises, households, populations, policymakers, etc) that have experienced an intervention, against the values of those variables that would have occurred had there been no intervention”. This means that an impact assessment seeks to establish a plausible association between an intervention and changes experienced by “agents”. The characteristics of the “agents” prior to the intervention and their environments may intervene in the process and shape intervention outcomes (Sebstad et al., 1995, cited in Hulme, 1997). Then it becomes difficult to prove the impact of an intervention, or to conclude whether a given change can be entirely or necessarily attributed to an intervention.

In the literature, various research strategies have been adopted to assess the impact of microfinance interventions on clients and/or their households. One of the widely used research designs is a quasi-experimental research design, which compares programme

participants with non-programme participants on key variables that are expected to be affected by a given intervention (for example: income, decision-making) (see Hashemi et al., 1996; Pitt and Khandker, 1998, Osmani, 2007). This means that the population that has benefited from a given microfinance intervention is compared with the population that has not benefited from a similar intervention on common key variables of interests. The non-programme participants are used as a “control group” in order to simulate the situation that would prevail in the lives of borrowers if there had not been a microfinance intervention (Hulme, 1997). The “control group” is expected to have similar economic, physical and social environments, matching the treatment group or programme participants. This is because any structural difference in the contexts of the “control” group and “treatment” groups may lead to an overestimation or underestimation of the outcomes of a given intervention. In the microfinance literature, various problems are described related to selection biases, which include, a) finding a location that matches a treatment group, b) discerning the invisible attributes of a treatment group, c) a control group may be “contaminated” or may be in close contact with a control group, and d) fungibility of the loan fund - borrowers may transfer their loans to others or they may use the loan for “unintended” purposes (Hulme, 1997:13-14). Hence, a careful selection of the control group is suggested to reduce the possibilities of any distortion that may arise from selection biases (Hulme, 1997; Mosley, 1997). The other alternative is to consider the accepted “clients- to-be” (pipeline clients)⁴⁹, who live in the geographic areas of the treatment group⁵⁰ as a “control group”. Accepted “clients-to-be” are assumed to provide a better comparison because they reside in the same locality with borrowers, and also because of their “motivation” to participate in the credit programme⁵¹. However, some of the issues related to selection bias discussed above may remain a problem because the two groups are more likely to be in close contact, as they share the same locality.

The other impact assessment approach in microfinance is related to qualitative methods of data collection. This qualitative method-based impact assessment focuses on the interpretation of the processes involved in participation in a given intervention and, based on that, provide information on the most plausible impact outcomes (Hulme and Mosley, 1996; Barnes and Sebstad, 2000). The approach is considered to be weak in addressing problems related to attribution and proving impact (Hulme and Mosley, 1996). Nevertheless, interpretations are often based on the perspectives of research groups (Barnes and Sebstad, 2000), who are in a better position to judge the impact an intervention has had on their lives and relationships.

This study does not claim to provide evidence about the actual impact of microfinance interventions on the intra-household division of labour and decision-making, but it seeks to provide evidence about the potential effects of microfinance interventions, by analyzing the pathways through which an impact is realized and by identifying the institutional contexts that may affect impact outcomes. The study employs different strategies to identify the potential effects of women’s access to microfinance services on the intra-household division of labour and decision-making. Membership duration in the credit programmes is

⁴⁹ The terms “client- to-be” or pipeline client refers to an individual who is accepted to participate in the credit programme but has not yet started participating or receiving financial services.

⁵⁰ Other studies have looked at the impact of microfinance on women’s empowerment by comparing females within male and female borrower households (such as Kabeer, 2001; Holvoet, 2005). Such an approach has its own drawback because credit might be used by individuals other than the borrower within the household.

⁵¹ This strategy also has another limitation, especially when the number of “clients-to-be” in a given area is small for the study, compared to the treatment group, and when the research is longitudinal research (Hulme and Mosley 1996; Barnes and Sebstad, 2000).

used to assess the potential effects of women's borrowing on intra-household labour allocation and decision-making. The assumption is that the size and the number of loans that an individual accesses from a microfinance programme usually increases in tandem with an increase in the membership duration in the credit group/programme. This means that a longer membership duration in the credit programme entails larger sizes of loans, a higher number of loans, and more exposure compared to a short membership duration. The assumption is that accessing credit for relatively longer years, participation in credit and saving groups, and an overall attachment to MFI programmes will increase women's bargaining power within the household. Hence, this distinction between short-time and long-time borrowers was intended to capture developments over time. Short-term borrowers were used as a "control group", based on the assumption that microfinance programme interventions may not generate a meaningful impact on poor peoples lives in general and on gender relations in particular through one or two loans. Experts in the field of microfinance have also suggested that microfinance programme outcomes can be best captured after three or more years of a programme's operation (Barnes and Sebsted, 2000). Hence, for the survey and in-depth interview data analysis I have used the length of membership duration in the credit group/programme to investigate the potential effects of microfinance interventions on intra-household labour allocation and decision-making.

Moreover, I intend to provide evidence on the potential impact of microfinance to women by placing the testimonies of the in-depth interview participants in the larger institutional settings. Borrowers' self-assessment about the impact, before and after the programme intervention, and their personal testimonies are used to establish a plausible association between participation in the programme and potential impact outcomes. This analysis is frequently supported by the survey data and the literature (see Kabeer, 1991, 2001). Furthermore, the inclusion of different groups such as ex-borrowers, spouses, and defaulters in the research is believed to provide an all-inclusive picture of the potential impact of microfinance programmes on gender relations.

5.3 The unit of analysis or the "case"

This study adopts a multiple case study design and focuses on two main cases. The study is limited to two cases because studying more cases requires more resources (time and money) beyond the capacity of this research project. Two case study institutions have been deliberately selected, taking into account their distinct institutional settings. Contrasting cases predict contrasting results and allow for theoretical replication (Yin, 2003).

This study followed an embedded case study design because of the importance of different subunits of analysis. The main unit of analysis is the microfinance institution, as the study analyzed the potential effects of microfinance interventions on the intra-household gender division of labour and decision-making. In addition, there are two subunits of analysis, i.e. the individual and the household unit. The study recognizes that men and women may have different preferences and decision-making power within the household, which should not be aggregated at household level. As a result, individual women clients of the case study microfinance institutions and their spouses on the one hand, and their household on the other hand constitute the two subunits of analysis. At these levels, the study analyses the effects of microfinancing provided to women on intra-household labour allocation and decision-making.

The selection procedure related to the case study microfinance institutions and the study locations are discussed in the subsequent paragraphs. The selection of individuals for interviews and groups discussions is discussed under the relevant heading.

5.4 Selection of the MFIs and the research locations

Figure 5.1 displays the selection stages of the case studies' MFIs and locations. The selection process involves four stages. In the first stage, the microfinance institutions and the study regions were selected. This was followed by the selection of the research zones (province), districts and *Kebeles* at the second, third and the fourth stages, respectively. At every stage, a purposive sampling strategy was employed.

During the first stage, two microfinance institutions were selected among the twenty-two microfinance institutions that were operational during September 2004 in the different parts of Ethiopia. The criteria used in the selection include:

- an MFI should be operational in financial services delivery for more than five years. This criterion is used because microfinance institutions may have a considerable impact on people's lives over time. This is necessary especially to evaluate the potential impact of microfinance programme interventions on intra-household gender relations. Microfinance institutions that were established after 1998 were excluded;
- since this project looks into the role of women in rural livelihood, an MFI should be operational in rural areas and involve female clients. As a result, programmes that focus on the urban areas and those who had relatively small proportions of female clients were dropped;
- to avoid language barriers, only communities speaking the national language (Amharic) were considered;
- the operational areas of the microfinance institutions should be easily accessible or should be located not very far from the centre because the research project had limited resources (finance and time);
- to allow for a comparative analysis, each case study institution must represent distinct socio-economic and cultural settings.

Initially, the Amhara Credit and Saving Institution (ACSI) and the Sidama Microfinance Institutions (SMFI) were selected based on the above criteria. However, after preliminary visits to the SMFI's operational areas; it was found that most SMFI credit groups were inactive due to a high loan default. As a result, the Omo Microfinance Institutions (OMFI), which was working in the SMFI's operational region, was selected. The OMFI was two years younger than the SMFI and the ACSI. To date, ACSI and OMFI operate in the Amhara region and the Southern Nations and Nationalities Peoples' Region (SNNRP), respectively. Detailed information about ACSI and OMFI, and their respective regions, are presented in the previous chapter.

During the second stage, the North Shoa zone was selected amid the ACSI's operational zones and the Gurage zone amid the OMFI's operational zones. At the time of the selection, ACSI and OMFI were operational in 10 and 11 zones/provinces, respectively. The main criterion used in the selection of a study zone was physical proximity to the centre or Addis Ababa (at less than 200 kilometres distance). This criterion was used for the reason mentioned earlier, i.e. resource constraints.

During the third stage, the Moretna Juru district from North Shoa (ACSI), and the Meskan district from the Gurage zones were selected. During the selection, ACSI and OMFI were operational in 20 districts and 7 districts in the North Shoa and the Gurage zones, respectively. The following criteria were used in the selection of the research districts:

- microfinance programmes were operational for five or more years in the district,
- the availability of female clients per *Kebele*; and
- the accessibility of the districts and its *Kebeles* during the rainy season.

During the final stage, the research *Kebeles* were selected on the bases of two criteria, that is, the availability of relatively large numbers of active female borrowers in different loan cycles (long-time and short-time borrowers⁵²), and the accessibility of the area during the rainy season. The availability of long-time and short-time borrowers was used as one criterion because the study intended to use short-time borrowers as a “control group” in assessing the potential effects of the microfinance programmes. On the basis of the above criteria, the Mangudo *Kebele* was selected from the ACSI’s operational *Kebeles* in the Moretna Juru district. The same criteria were used to select the research *Kebeles* in the Meskan district (the OMFI location). However, it was not possible to find a single *Kebele* that fulfils the first criterion. As a result, three adjacent *Kebeles*, namely Dirama-Shershera, Wita, and Wolenshu-Aned were selected.

⁵² In this study, a long-time borrower refers to a borrower who was a member of ACSI or OMFI credit group for three years or more at the time of the survey. A short-time borrower refers to a borrower who was a member of ACSI or OMFI credit group for one or two years during a similar period.

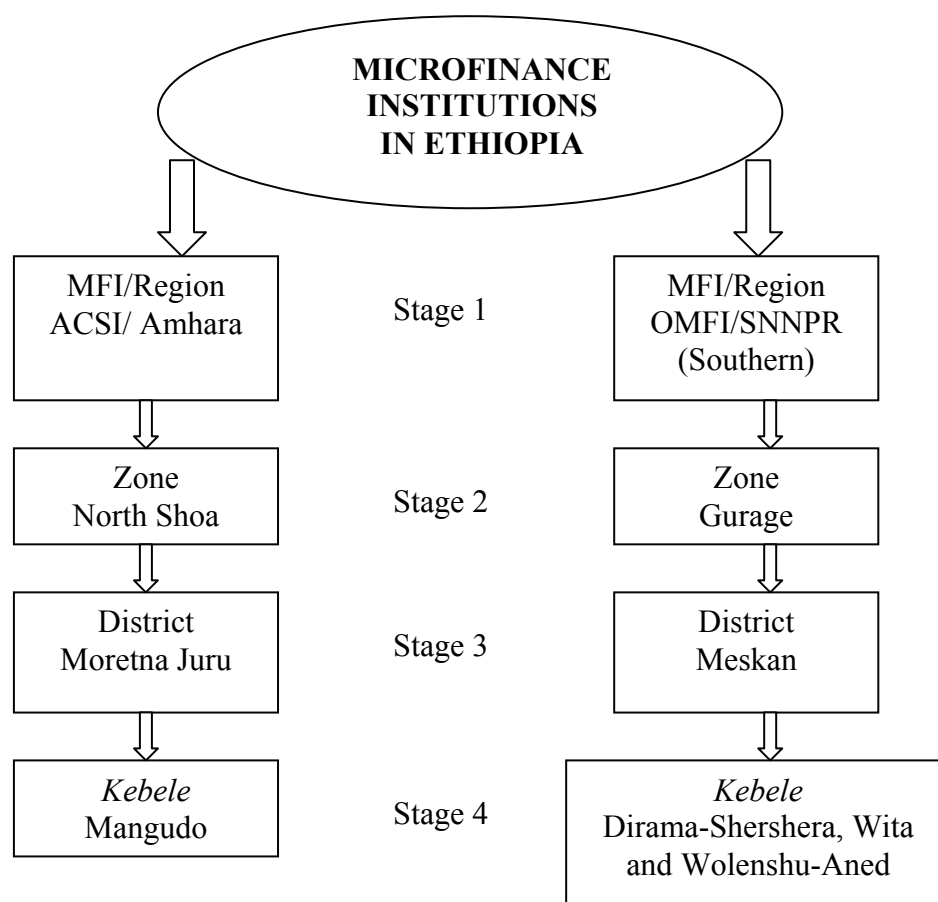


Figure 5. 1 The research MFI and location selection procedure.

5.5 Data collection

This study used a combination of data collection techniques, including key informant interviews, in-depth interviews, a small-scale survey, focus group discussions, and secondary data. The data collection involved five major phases: orientation and familiarization, key informant interviews, a small-scale population survey, in-depth interviews, focus group discussions, and feedback workshops. The secondary data were collected throughout the research phase and during the write up.

Figure 5.1 summarizes the data collection techniques, the sources of the data, and the type of information collected, while Table 5.1 presents the number of research participants by the type of research instruments and the type of microfinance institution.

a. Orientation and familiarization

This phase was critical for the development of the research proposal. During 2003/2004, a reconnaissance visit was made to the potential research regions and microfinance institutions to have a better understanding of the problem under study, to identify microfinance institutions for the study, and to get a general overview of the study contexts. In addition, the study proposal was discussed with key staff members of the MFIs and their

permission was obtained for the research. This exercise was useful to clarify concepts related to microfinance and to build a rapport with the staffs of MFIs necessary for further assistance during the data collection. Furthermore, as an attachment requirement with the International Livestock Research Institute (ILRI), a seminar was organized for ILRI staffs, where the proposal was presented and discussed.

During this phase, the researcher got permission and a recommendation letter from the officials of the studied microfinance institutions (at different levels) and the district government administration offices. This enhanced the confidence of the *Kebele* officials and the study's population to collaborate with the researcher.

b. Secondary data

Secondary data were an important source of information to contextualize the study. Information about the study's areas, including their geography, demography, economic development, poverty, education, health microfinance, gender issues, HIV/AIDS, etc, were obtained from secondary sources. The sources of secondary data include universities, research centres, the Ethiopian Central Statistics Agency, the World Bank reports, various government offices, NGOs, the Association of Ethiopian Microfinance Institutions, individual consultancy, and other reports. Secondary information about the study's microfinance institutions was obtained from the microfinance institutions' reports, strategic plans, manuals, credit group documents, loan disbursement books, and a few evaluation reports. Compared to OMFI, ACSI had well-written documents that provide detailed information about its mission, objectives, strategies, target groups, loan products, as well as various statistics.

c. Key informant interview

Key informants are "expert" informants (Gitelson and Mookerji, 1997). It also includes individuals who have knowledge of the cultural rules and norms in a society (Bernard, 2002). The purpose of the key informant interviews was to gather information about the research areas regarding household and individual livelihood, the household division of labour, household decision-making, sources of finance, HIV/AIDS, vulnerability issues, community perceptions, norms and values, microfinance interventions and change over time (Appendix 5.1). With the help of an interview guide, various interviews were conducted with different individuals for their "distinctive viewpoints or knowledge" (Woodhouse, 1998). Key informant interviews were conducted with community elders (both men and women), local government staff members, development officers, and MFI personnel. A total of 28 key informant interviews (individuals and groups) were conducted in connection with ACSI (11 persons) and OMFI (18 persons) (Table 5.1). The number of key informants in OMFI was slightly higher because the study was conducted in three different *Kebeles*, while in the case of ACSI it was only one *Kebele*. During the key informant interviews, the researcher took notes, and most interviews were tape recorded. The data generated from community elders, development agents and local administration officials were used to describe the studied areas, while the information obtained from the staff members of the microfinance institutions were used to describe the microfinance institutions' operations in the studied areas. Key informant interviews offered a wider and more profound understanding of the contexts in which the study's microfinance institutions and clients operate their businesses. Furthermore, the data obtained guided the formulation of the survey questionnaire.

d. Survey

In order to systematically describe the population under study and to provide some quantitative evidence, the study incorporated a small-scale survey. The survey questionnaire was administered to the study population, who were active clients of ACSI and OMFI, and who were also married at the time of the survey. In the study, active clients refer to borrowers who took a loan from the microfinance institution during 2004. Due to the small number of active clients per study location, a population survey was conducted. It is argued that the population survey ensures a considerable degree of validity (Krausz and Miller, 1997) because the perspectives and views of “all” the population are likely to be included in such surveys, or involve no sampling error.

The list of women clients in the studied areas was collected from the 2004 loan disbursement records of the ACSI and OMFI subbranch offices. However, the information was not disaggregated by marital status. As a result, in ACSI case, this information was identified during centre meetings with the help of borrowers, credit group members and centre leaders. In the case of OMFI, local administration officials and members of credit groups were consulted to assist in the identification of the marital status of female borrowers in their respective localities. This was further cross-checked at the time of the data collection. Those who were found unmarried (widow, separated or divorced) were dropped from the survey (see Appendix 5.2. for the questionnaire).

Orientation and pre-testing. The research team was composed of the researcher, the assistant and one additional data collector. The researcher, the assistant and the data collector were fully engaged in the survey on the ACSI study location, while the researcher and the research assistant carried out the survey on the OMFI study location. Both the research assistant and the data collector had completed a diploma course and had experience in working with non-government organizations and development issues. In addition, the research assistant had some field experience in data collection in survey research with the ILRI.

The research assistant, who was also the driver of the research team, worked closely with the researcher during the key informant interviews and during the presentation of the research proposal to ILRI staff members. As a result, he was familiar with the research objectives, the research questions and the draft questionnaires long before the actual survey. In addition, a one-day orientation was organized for the research assistant and the data collector relating to interview procedures and interview rules, and to discuss the survey questions. The survey questionnaire was written in English, but a copy was translated in the Amharic language as a reference during the survey.

The questionnaire was pre-tested on both the ACSI and OMFI study locations. The main purpose of the pre-test was to determine the strengths and the weaknesses of the questions. It also served as a learning process for the data collectors. During the pre-test, the researcher interviewed a few respondents, while the research assistant and the data collector played the role of an observer. Later on, this role was changed and the former became an observer while the latter became the interviewer. This was followed by an evaluation of the content of the interviews and the process of interviewing in the evening. The pre-testing gave the researcher insight into what areas the questionnaires should be revised, and in what areas the data collectors should improve. Some of the issues emerging from the pre-test were: the interview took too long (up to 90 minutes), some questions were repetitive, some questions were vague, and the data collectors misunderstood some questions. Finally,

based on our experiences from the pre-test, the questionnaire was adjusted and prepared for the actual interview.

The survey data collection. In the north (the ACSI study location), the survey data collection took place in two phases between 5 and 15 November, 2004, and between 25 and 27 November, 2004. In the south (the OMFI study location), the survey data collection was carried out between 16 and 23 December 2004. Although the data were collected by three individuals on the ACSI study location it took a relatively longer time because of the larger number (86) of survey respondents compared to those of OMFI (56) (Table 5.1). In addition, the experience drawn from the data collection in the north was useful in facilitating a smooth data collection process in the south.

In the Mangudo *Kebele*, we interviewed 86 out of 91 married women who were active clients of the ACSI. In the three adjacent *Kebeles*, namely Dirama-Shershera, Wita, and Wolenshu-Aned, 56 out of 61 married women who were active clients of OMFI were interviewed. It was impossible to interview five women borrowers each from the ACSI and MFI study locations, for reasons such as a change of residence (locality), serious sickness, women's temporary absence from the area, and difficulties with regard to the tracing and meeting of women.

d. In-depth interview

An in-depth interview involves a conversation with an individual, with a list of questions to be covered during the interview to guide the respondent in an orderly manner (Bernard, 2002). The flexible nature of the in-depth interview permitted the researcher to explore and investigate issues with respondents through probing for clarity, interpretation, and for a deeper understanding of meanings. It allowed investigating the factors underpinning participants' responses (Legard et al., 2003). Most importantly, the in-depth interviews offered borrowers the opportunity to articulate and evaluate how their lives' and relationships were impacted by access to microfinance services. In addition, the information obtained through the in-depth interviews was used to interpret and provide a detailed explanation of the statistical findings.

Most microfinance impact assessment studies focus on active loanees and hardly incorporate testimonies and opinions of spouses of borrowers. Moreover, aspects such as loan defaults and programme dropouts are often left unexplored. In order to provide a full picture of the phenomenon under study, this study tried to incorporate the views and the testimonies of different individuals. As indicated in Table 5.1, about 24 individuals from ACSI and 32 individuals from OMFI were interviewed in-depth. In-depth interview participants are broadly grouped into three: active borrowers, spouses, and programme dropouts (also loan defaulters). They were selected based on a purposive sampling strategy, to ensure the representation of different subgroups.

The first group consisted of married women, who were active borrowers of the microfinance institutions at the time of the study. As mentioned in Section 5.2, active borrowers were divided into two groups, depending on the number of years they had been accessing credit from the MFIs: short-time and long-time or repeated borrowers. The list of short-term and long-term borrowers and their characteristics was obtained from the household survey. Individuals for the in-depth interviews were elected based on a purposive sampling strategy. First, borrowers who had less than three years experience with the credit programme and those with six or more years experience with the credit programme were screened. At the second stage, twelve borrowers (six short-term and six long-term

borrowers) from both the ACSI and OMFI study locations were selected on the bases of the following criteria: age group, forms of marriage (on the OMFI study location), and types of loan-funded activities, and household health status. Since most of these variables were included in the quantitative analysis, the outcomes of the in-depth interviews were partly used to interpret the quantitative findings.

The second group included in the in-depth interviews consisted of spouses of selected short-time and long-time borrowers. Six men from ACSI and seven men from OMFI were selected based on some of the criteria used above, such as the wife's age group, forms of marriage (on the OMFI location) and types of loan-funded activities. Men were included in this study for two important reasons. First, it was assumed that the participation of wives in microfinance programmes may affect the roles, responsibilities and decision making power of husbands. Second, husbands and wives may have different perceptions of change and may be affected by the credit programmes differently. As a result, including the spouses became imperative to evaluate change from their perspective, too.

The third group included in the in-depth interviews were programme dropouts (also loan defaulters). Programme dropouts were included in the in-depth interviews because they may have different stories and experiences to tell. The reasons for loan defaulting and quitting participation in microfinance programmes may help to explain some aspects of the programme outcomes on intra-household relations. The list of ACSI's credit group dropouts was obtained from the ACSI subbranch office in the district. The list of OMFI credit group dropouts was collected from OMFI records by the research assistant, with the help of the OMFI credit officer. Because the reason for dropping out of the programme was not included in either the ACSI or the OMFI dossiers, credit groups and local credit committee members were consulted for more information about credit group dropouts. This exercise was tiresome in the south (the OMFI locations) because of the relatively large number (182 individuals) of female programme dropouts in the three *Kebeles* compared to 18 individuals on the ACSI location. Five credit group dropouts from the ACSI location and eleven from the OMFI locations were selected purposively based on the reasons for dropping out. Some key reasons included sickness within the household, child care responsibility, the workload, no need for a loan, and male out-migration. The last two reasons were mentioned only in relation to OMFI.

The last group included in the in-depth interviews was related to experiences of illness (death) within the ACSI and OMFI borrowers' households. One of the objectives of this research was to analyze the potential effects of HIV/AIDS on intra-household resource allocation among clients' households. However, it was not easy to identify households affected by HIV/AIDS. As a result, two borrowers who experienced either death and/or serious health problems within their household within one year during the survey were interviewed in-depth. In addition, health problems were included in the selection of the short-time and long-time borrowers and also in the in-depth interview guiding questions.

Semi-structured questionnaires were prepared to guide the interview with different groups (Appendix 5.3). Most of the in-depth interviews were tape recorded and transcribed. In addition, the researcher took notes during every interview.

e. Focus group discussion

Focus group discussions are an important tool for the collection of qualitative data about group experiences, perceptions and attitudes on a defined topic of common interest of a homogenous group. Individuals present their own opinions, perspectives and beliefs, which are further sharpened and refined through group interactions and discussions (Finch and

Lewis, 2003). Focus group discussions were conducted with members of credit groups to understand women's collective stories and experiences in the credit programmes. We selected the credit groups of the short-time and long-time borrowers who were included in the in-depth interviews.

Guiding question was prepared to facilitate the focus group discussion (see Appendix 5.4). The discussion topics included group formation, loan application procedures, rationales for targeting women, women's involvement in livestock marketing, programme effects, etc. The information obtained from the group discussions supplemented the findings of the in-depth interviews. Two focus group discussions with two ACSI credit groups and three focus group discussions with the members of four OMFI credit groups were conducted. As indicated in Table 5.1, about 7 ACSI borrowers and 13 OMFI borrowers attended the focus group discussion. The number of group discussants ranged from three to eight. Except in two cases, the small number of individuals during the focus group discussions limited the group's interactions. The information obtained from a credit group supplemented the information gathered through the in-depth interviews.

f. Feedback workshop

At the end of the data collection, a feedback workshop was organized on each study location (both of ACSI and OMFI) with selected female research participants, including programme dropouts. Twenty women from the ACSI and OMFI study locations each attended the debriefing (Table 5.1). The purpose of the workshop was to get feedback from the research participants, and to ensure the internal validity of the data (see Yin, 2003). On each location, a preliminary report was summarized in the Amharic language and presented to the research participants. In addition, debriefing sessions were held at district subbranch office level (also the zonal level in the case of ACSI) with the staff members of the study's microfinance institutions, on the preliminary findings and observations of the study. About five ACSI staff members and three OMFI staff members attended the debriefing. Some feedback was obtained from the research participants and the staff members of the MFIs.

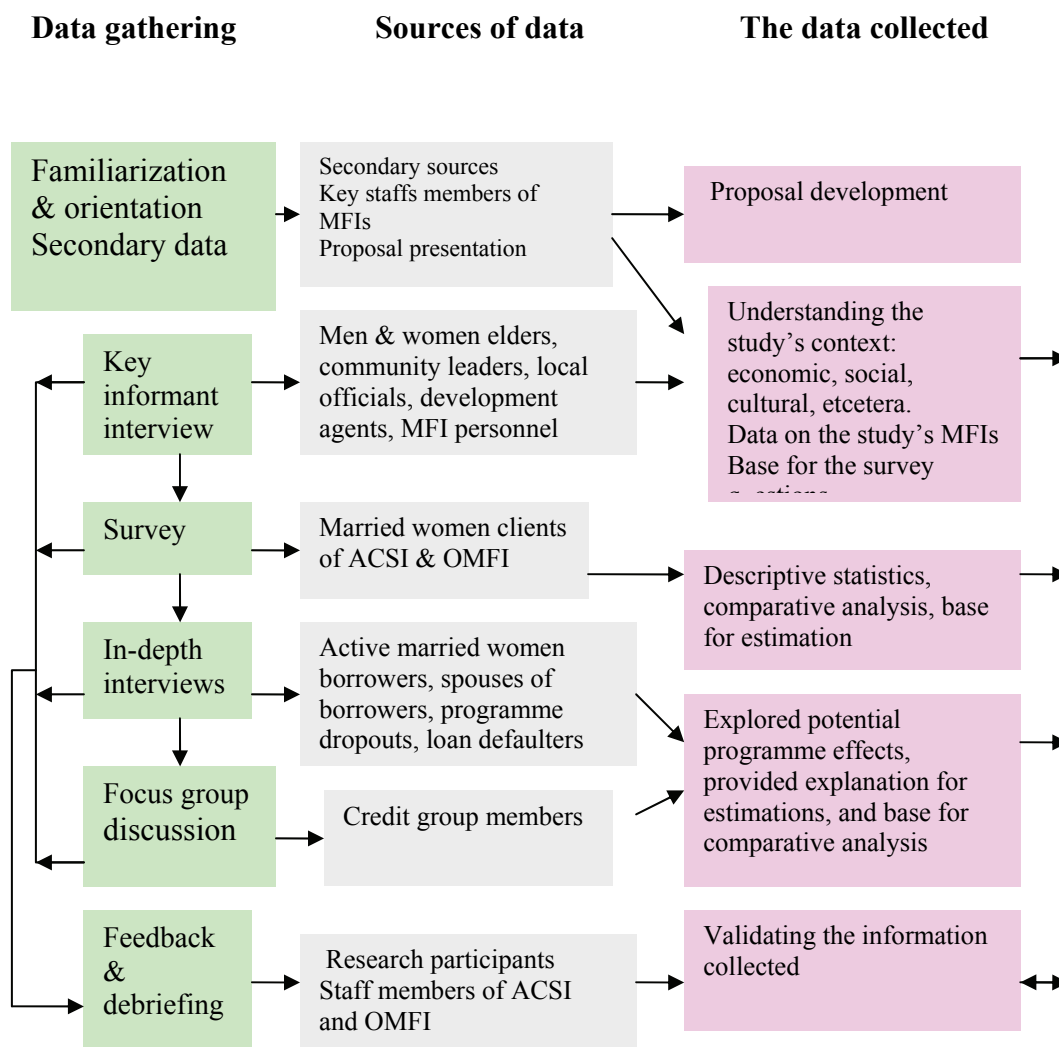


Figure 5. 2 Data collection instruments, sources, and the data collected.

Table 5. 1 Number of research participants.

Description	ACSI	OMFI	Total
Key informants:			
Local community	6	13	19
Government staff members	3	2	5
MFI staff members	2	2	4
Subtotal key informants	11	17	28
In-depth interviews			
Active borrowers (women)	12	12	24
Spouses of active borrowers	6	7	11
Loan defaulters	5	11	16
Health cases	1	2	3
Subtotal in-depth interview	24	32	56
Survey	86	56	142
Focus group	7	14	21
Feedback workshop	20	20	40
Feedback/debriefing session	5	3	8
Grand total	148	139	295

5.6 Ethical consideration

The study took into account various potential ethical issues associated with conducting a field study. The first important ethical issue in social science research is getting “informed consent” from people to be researched (Lipson, 1994; Gilbert, 2001). Every interview and discussion was preceded by explaining what the study is for (including the educational purpose and the societal importance of the research), and asking the consent of respondents. On all studied locations, getting “informed consent” from the prospective informants and group discussants was obtained without a problem. Permission was also obtained from individuals and groups in order to tape record conversations.

The second ethical consideration is related to ensuring “confidentiality and anonymity” of the information gathered (Lipson, 1994). Assurance was given to the research participants that the issues and information gathered would not be disclosed to any individual (including their spouses) or organisation. As a result, informants were willing to talk about issues such as loan-related marital conflicts, clandestine savings, and loan use for consumption, etc. Anonymity was also ensured in the writing of the research output. The identity of one of the potential HIV/AIDS-affected households was also kept secret.

The last ethical consideration in this research is related to the protection of the research participants and their households from possible social, psychological and economic harms. To avoid potential marital and other social tension associated with individual interviews and group discussions, no adult other than the informants/group discussants was allowed to attend interviews or discussions. A financial incentive was offered to research participants as compensation for the time “lost” because of the research. In some cases, the researcher had to buy food and drink for informants and had to provide financial assistance when an urgent need was observed. In addition, when deemed necessary, the research project offered transportation services for the research participants and other community members.

5.7 Practical data collection problems

The researcher encountered various problems during the data collection. The most common problem was related to the busy schedule of respondents and informants. On the Amhara study location, the research participants were busy because of the peak agricultural season, with harvesting, threshing and the extensive collection of fodder for livestock, while on the Gurage study location, research participants were busy with market activities and a labour exchange related to *enset* processing. This problem was addressed by repeatedly paying visits to villages and by making appointments. In addition, an effort was made to visit respondents either very early in the morning, before they went out, or late in the evening when they arrived back home. This was often problematic because of women's domestic responsibilities. There were several cases in which women responded to our questions while cooking or carrying children. This practice had negative consequences for the data collection because the respondent could not focus, while the interviewer had to rush to address all the questions.

Some respondents and informants were either unable or not open enough to tell information related to their use of loan funds, net incomes earned from their business, intra-household conflicts, and the like. There are three plausible reasons for this. Firstly, borrowers might be frightened to disclose loan-related information because they assume that the information may reach the lending institution. Sometimes loans were partly used for unintended purposes as opposed to what the lending institutions had approved for. Despite our explanation about the objective of the study and student status of the researcher before every interview, some individuals continued to consider the researcher as part of the microfinance-providing institution. As a result, the researcher had to repeat that she was independent from their lender and had to promise that she would keep interview information confidential. The research team also tried to establish a good rapport with the research participants so as to build trust. Secondly, initially, for many women it was not easy to speak about questions related to "private" and "sensitive" household affairs to an outsider - the researcher. But this problem was reduced by informing the respondents about the confidentiality of the information collected. Thirdly, it was also found that some research participants could not give answers to questions because they experienced difficulties remembering or recalling some events. In such cases, the information gap was addressed through the information collected from men.

The final problem encountered during data collection was associated with the national election campaign. Data collection time overlapped with the time of the national election campaign, and as a result some *Kebele* officials were suspicious of the research team. There was an instance where a local official wanted to listen to an in-depth interview. As a result, the researcher had to interrupt the interview in order to explain about the purpose of the study to the local official. This instance interrupted the tape recording process.

5.8 Data entry, processing and analysis, and time schedule

A cross-case synthesis strategy was employed to analyze the case study's evidence. In this strategy, first each individual case was treated separately, and then the evidence of the cases (two in this study) are compared (Yin, 2003). The similarities and differences between the two cases were analyzed in relation to the theoretical propositions of the study.

The qualitative inquiries resulted in long descriptive reports. The less structured and open-ended questionnaire made data categorization and analysis complex. Most of the information obtained through key informant interviews, in-depth interviews and group discussions were audio recorded and transcribed verbatim. In addition, the researcher took field notes on key interview topics and events. This information was manually tabulated and analyzed. Several word tables were created to display the qualitative evidence and to make cross-case comparison (See Yin, 2003). In addition, some case histories and testimonies of borrowers were briefly summarized.

The survey data were coded and entered into a computer using a software package, – the Statistical Programme for Social Scientist (SPSS) version 12 -, followed by a check for data entry errors and cleaning. With the help of SPSS, the descriptive analysis and summary statistics were computed to get a preliminary sense of the data collected. Using the Stata-transfer software package, the data was transferred to the Stata software programme version 9 for regression analysis. In order to identify potential factors affecting intra-household resource allocation, part of the regression analysis was computed using the Stata software package.

This PhD research was started in June 2003 and was conducted in three phases. During the first phase (June 2003 to May 2004), I spent most of my time in the Netherlands, at Wageningen University, following different courses and developing the research proposal. I carried out the fieldwork in Ethiopia in the second phase (June 2004 and December 2005). Finally, the data analysis, interpretation, and writing the manuscript took place between 2006 and 2009.

5.9 Characteristics of the respondents

As indicated in Chapter 4, the survey questionnaire was administered in the studied areas to 142 married women (86 from ACSI and 56 from OMFI) who took a loan from ACSI or OMFI during the survey year (2004). In this section, the main characteristics of the borrowers and their households are presented.

The descriptive statistics, which are used in the analytical chapters (Chapters 6 and 8), are displayed in Table 5.2.

Age: the age distribution of ACSI borrower respondents shows that about 29 percent of the respondents were under 30 years of age, 26 percent between the ages of 30 and 39, 30 percent between the ages of 40 and 49, and about 15 percent were in the age group of fifty and above. The age distribution of OMFI borrower respondents shows that 32 percent were under 30 years of age, 41 percent in the age group of 30-39, while about 16 and 11 percent were in the age group of 40-49 and fifty and above, respectively. The age of ACSI borrower respondents in the age group of 40 and above is relatively higher (45%) compared to the MFI borrower respondents in the same age group (27%). This implies that ACSI borrower respondents are relatively older than OMFI borrowers.

*Literacy*⁵³: the majority of the ACSI (80%) and OMFI (88%) borrower respondents reported that they were illiterate or had no education. Only a fifth of the ACSI and about 12

⁵³ The information regarding the borrowers' education was initially collected in an interval in three groups, but later on it was transformed to a dummy variable because of the small number of observations in the last subgroup.

percent of the OMFI borrower respondents had some education. This indicates that on both study locations women had a very low literacy level, below the national average for females in Ethiopia, which is 27 percent.

Membership duration: this refers to the number of years since a woman became a member of an MFI credit group and started to access microfinance services. The length of the respondents' membership for ACSI borrowers ranged between one and six years. The average number of years of membership for ACSI borrowers was 3.3 years. Similarly, the length of the respondents' membership for OMFI borrowers ranged between one and seven years. The average membership duration for OMFI borrowers was 3.6 years. On average, OMFI borrower respondents are older than ACSI borrower respondents by 3 months.

Religion: all ACSI borrower respondents were Orthodox Christians, while about half of the OMFI borrower respondents were Muslims, and the other half were Christians (41% Orthodox Christian and 9% Protestant Christian).

Form of Marriage: all ACSI borrower respondents reported that they belong to monogamous households. On the other hand, 70 and 30 percent of OMFI borrower respondents reported that they lived in a monogamous and polygamous marital union, respectively.

household size: about 62 percent of ACSI borrower respondents reported that their households comprised six or more individuals, while 35 percent reported a household size of three to five persons, and 4 percent of the ACSI borrower respondents reported that their households included two individuals. Similarly, over three-fourth of the OMFI borrower respondents reported that their households had a family size of six or more individuals, and about 21 percent reported that their household consisted of three to five individuals. In one case (2%), there were only two individuals in the household. This shows that the OMFI respondents had relatively large-sized household compared to the ACSI respondents.

Land rights: the survey respondents were asked to indicate if they had usufruct rights over the farmland registered by their households. An overwhelming majority (9%) of ACSI borrower respondents reported that they had joint land use rights over the household plot. About 5 percent reported that they had an independent right, while another 5 percent reported that their husband had an independent right. Conversely, the majority (82%) of OMFI borrower respondents reported that their husband had a use right over household plots, while the proportion of respondents who reported some kind of land use right over the household plot was reported to be less than a fifth (18%). This considerable difference between the two locations could be explained in terms of difference in formal and informal institutional rules that govern resource allocation in the respective localities, which I have already discussed in the previous chapter.

Chronic sickness: the survey respondents were asked if any of their household members suffered from serious illness during the 12 months up to and including the time of the survey. About 35 percent of the ACSI and 39 percent of OMFI borrower respondents replied that their household members had experienced serious illness in the 12 months up to and including the time of the survey.

Table 5.2 Description statistics.

Explanatory Variable		ACSI N=86		OMFI =56	
		Frequency	%	Frequency	%
Women's age (interval)	>20	2	2	-	-
	20-29	23	27	18	32
	30-39	22	26	13	41
	40-49	26	30	9	16
	+ 50	13	15	6	11
Women's education (dummy)	Illiterate	69	80	49	88
	Literate	17	20	7	12
Membership duration (years)			3.33 (1.057)		3.52 (1.897)
Religion	Orthodox Christians	86	100	23	41
	Protestant Christians	-	-	5	9
	Muslims	-	-	28	50
Marital relation (dummy)	Monogamy	86	100	39	70
	polygamy	0	0	17	30
Household size (interval)	2	3	4	1	2
	3-5	30	35	12	21
	6-8	37	43	33	59
	More than 8	16	19	10	18
Land use right (ordered)	Men	4	5	45	82
	Couples jointly	76	90	4	7
	Women	4	5	6	11
Chronic sickness (dummy)	Yes	30	35	22	39
	No	56	65	34	61

Source: Household Survey 2004

Notes: figures in parenthesis represent standard deviations

Sources of livelihood and income

The survey respondents were asked about both the main and the supplementary sources of livelihood for their households, as well as the main sources of income for themselves and their spouses. Table 5.3 presents the *main and the additional* sources of livelihood for ACSI respondent households, and Table 5.4 displays the main sources of cash income for ACSI respondents (female borrowers) and their spouses. As shown in Table 5.3, the household grain production was the main source of livelihood for almost all (99%) households of ACSI borrowers. Livestock provided additional sources of livelihood for about 89 percent of ACSI borrowers' households. The off-farm sector (local brewing, wage labour) provide additional income for less than 10 percent of ACSI borrowers' households.

Table 5. 3 Frequencies and percentage distribution of OMFI respondents by the source of household income.

Main source of income	Main		Additional	
	Frequency	%	Frequency	%
On-farm				
Grain production	85	99	3	4
Livestock farming	1	1	68	89
Subtotal on-farm	86	100	71	93
Off-farm	-	-		
Wage employment	-	-	2	3
Others	-	-	3	4
Subtotal off-farm	0	0	5	7
Total	86	100	73	100

Source: Household Survey 2004.

Similarly, as shown in Table 5.4, ACSI borrower respondents (55%) and their husbands (80%) earned their main cash income from grain farming. In addition, livestock provided sources of cash income for 35 percent and 7 percent of ACSI borrower respondents and their spouses, respectively. Only 10 percent of ACSI borrower respondents and their spouses generated their main cash income from the off-farm sector.

Table 5. 4 Frequencies and percentage distribution of ACSI respondents by the source of their own and their spouse's cash income.

Sources of income	Respondent (women)		Spouse (men)	
	Frequency	%	Frequency	%
On-farm				
Grain	47	55	69	80
Dairy products/cattle	10	12	6	7
Poultry	20	23	-	-
Trees	-	-	2	2
Subtotal on-farm	77	90	77	89
Off-farm				
Trading	2	2	1	1
Local drink	6	7	-	-
Wage employment	1	1	5	6
Others	-	-	3	4
Subtotal off-farm	9	10	9	11
Total	86	100	66	100

Source: Household Survey 2004.

As indicated above, an overwhelming majority of the ACSI borrower respondents and their husbands generated their main cash income from farm activities. But the types of farm activities and the degree of their importance appeared to vary by gender. Men predominantly earned their incomes from grain production than women. In addition, small-scale poultry, dairy and local drink processing provided important sources of income for women, while the sale of cattle and wage employment were important for men.

The above discussions and figures reveal that on-farm enterprises are important sources of livelihood and cash income for the great majority of the ACSI borrowers' households, and for both men and women. The information also shows that on the ACSI study location off-farm income is very limited.

Table 5.5 presents the main and the additional sources of livelihood for OMFI borrowers' households. Similarly, nearly all (99%) OMFI borrowers' households generated their main income from on-farm sources. Three-fourths of households generated an additional livelihood from on-farm sources, including the pepper production (39%), livestock (20%), *enset* farming (9%), and grain production (7%). As indicated in the table, slightly more than a fourth (26%) of OMFI borrowers' households generated additional income from the off-farm sector, such as trading (13%).

Table 5.5 *Frequencies and percentage distribution of OMFI respondents by the source of their own household's source of income.*

Main source of income	Main		Additional	
	Frequency	%	Frequency	%
On-farm				
Grain production	52	93	4	7
Livestock	-	-	11	20
Enset farming	1	2	5	9
Pepper production	2	4	22	39
Subtotal on-farm	55	99	42	75
Off-farm				
Trading	-	-	7	13
Local drink processing	-	-	2	4
Wage employment	-	-	3	5
Other	1	1	2	4
Subtotal off-farm	1	1	14	26
Total	56	100	56	101

Source: Household Survey 2004.

Note: the total is not 100%, due to a rounding error.

Similar to the ACSI study location, agriculture was the most important source of income for OMFI borrowers' households. However, the source of income for the latter was slightly more diversified both within and outside the agricultural sector. For example, pepper and *enset* crops were sources of income for OMFI borrowers only. Off-farm income is relatively more prevalent among OMFI borrowers' households compared to ACSI borrowers' households.

Table 5.6 displays the main sources of cash income for OMFI respondents (women) and their spouses (men). A relatively larger proportion (59%) of men compared to women (41%) generated their main cash income from on-farm sources. A larger proportion (60%) of women compared to men (42%), on the other hand, obtained cash income from the off-farm sector.

Table 5.6 *Frequencies and percentage distribution of OMFI respondents by the source of their own and their spouse's cash income.*

Source of income	Respondent (women)		Spouse (men)	
	Frequency	%	Frequency	%
On-farm				
Grain	4	7	18	33
Dairy products/livestock	4	7	2	4
Pepper, khat and fruits	6	11	11	20
Poultry	9	16	-	-
Trees	-	-	1	2
Subtotal on-farm	23	41	32	59
Off-farm				
Trading	16	29	11	20
Wage employment	-	-	6	11
Local drink	15	27	-	-
Others	2	4	6	11
Subtotal off-farm	33	60	23	42
Total	56	101	56	101

Source: Household Survey 2004.

Note: the total is not 100% due to a rounding error.

As the above figures suggest, both on-farm and off-farm enterprises provide important sources of cash income for both OMFI borrowers and their spouses. However, a significant proportion of OMFI borrowers (women) earn their main cash income from the off-farm sources, while a similar proportion of men obtain their main cash income from the on-farm sources. It seems that poultry, dairy products and local drink are income sources reserved exclusively for women, while wage employment is reserved for men.

The above four tables have demonstrated that the agricultural sector provided the most important means of livelihood for both ACSI and OMFI borrowers' households and important sources of cash income for men and women. However, the degree of its significance and the types of farming income varied by gender and location. On both the ACSI and OMFI study locations, crop production (including pepper, *enset*,) was the predominant source of income for men in comparison to women. On the other hand, small-scale poultry, dairy products and local drink processing were the exclusive sources of cash income for women on both locations. The off-farm sector was an important source of income on the OMFI study location, especially for women.

Past borrowing history and sources of credit

Borrowers were asked if they had experiences with borrowing before they joined the MFIs. Table 5.7 presents the general sources of microcredit for the ACSI and OMFI borrowers in the past. As indicated in the table below, before they joined the ACSI credit group, nearly half (49%) of the respondents had experience with borrowing money from friends and relatives (67%), local money lenders (26%) and the *equib* (7%). Compared to the ACSI, a relatively larger proportion (80%) of OMFI borrowers had past borrowing experience. Again, friends and relatives (53%), the *equib* (31%) and local money lenders (16%) were

the three most important sources of credit. The above figure shows that for both ACSI and OMFI borrowers, the informal sector was the main source of credit in the past.

Table 5.7 *Frequencies and percentage distribution of ACSI and OMFI respondents by past borrowing history and sources of borrowing.*

Description	ACSI		OMFI	
	Frequency	%	Frequency	%
Has past borrowing experience				
Yes	42	49	44	80
No	44	51	11	20
Total	86	100	56	100
Main sources of credit				
Relatives /friends	28	67	24	53
<i>Equuib</i>	3	7	14	31
Local money lenders	11	26	7	16
Total	42	100	44	100

Source: Household Survey 2004.

The survey respondents were asked whether they had been engaged in independent income-generating activities before they accessed MFI loans. In addition, the respondents were asked about the sources of capital for the income-generating activities (Table 5.8) As indicated in the first part of Table 5.8, about 71 percent of the ACSI respondents were engaged in independent income-generating activities before they joined an ACSI credit group. Over two-thirds (68%) of the ACSI respondents reported that they used to finance their economic activities through household production, while about 13 percent got money from their husbands. The informal sector, namely relatives/friends, local money lenders, and the *equuib*, comprised about 14 percent.

As shown in Table 5.8, a relatively larger proportion (82%) of OMFI respondents reported that they were engaged in independent economic activities prior to joining an OMFI credit group. The main sources of capital for the respondents independent income-generating activities were the *equuib* (28%), household production (20%), relatives and friends (17%), spouses (15%) local money lenders (9%), and others (11%). The informal credit sources, namely the *equuib*, local money lenders, and relatives and friends, accounted for over 50 percent of the credit needs of OMFI borrowers who were involved in independent economic activities in the past.

Table 5. 6 *Frequencies and percentage distribution of ACSI and OMFI respondents by past involvement in IGA⁵⁴ and sources of capital.*

Description	ACSI		OMFI	
	Frequency	%	Frequency	%
Involvement in independent IGA ^a				
Yes	62	72	46	82
No	24	38	10	18
Total	86	100	56	100
Source of capital for IGA				
<i>Equib</i>	2	3	13	28
Agricultural produce	42	68	9	20
Relatives/friends	4	6	8	17
Spouse	8	13	7	15
Local money lenders	3	5	4	9
Others	3	5	5	11
Total	62	100	46	100

Source: Household Survey 2004.

From the above table, a number of conclusions can be drawn. Firstly, a significant proportion of ACSI and OMFI borrowers were engaged in independent income-generating activities. Secondly, a significant proportion of ACSI respondents were dependent on household agricultural production to finance their businesses compared to OMFI respondents. Thirdly, over half of the OMFI borrowers were used to access credit for income-generating activities from the informal financial institutions that include the *equib*, relatives or friends, and local money lenders. This could be due to the widespread trade and commerce on the OMFI study location.

Loan uses

Table 5.9 presents the purpose for which the ACSI and OMFI borrowers' households used their last loans. During 2004, both ACSI and OMFI extended loans⁵⁵ in the studied areas for investment in livestock fattening. In line with this, nearly all (98%) the ACSI respondents reported that they used their last loans during 2004 for livestock fattening⁵⁶, and only 2 percent of the ACSI respondents reported that they used loans for off-farm income-generating activities. In addition, a fifth of the ACSI respondents reported that they used part of their loans for consumption, e.g. food, clothing, education of children, and medical expenses.

Similarly, an overwhelming majority (96%) of the OMFI respondents reported that they used their loan funds in 2004 for livestock fattening. In addition, over a third (38%) and a fifth (21%) of the OMFI respondents reported that they used their loan funds on off-farm economic activities and for crop production (renting land, seeds, fertilizer), respectively. A fifth of the OMFI respondents reported that they used part of their loans for consumption uses.

⁵⁴ Income-generating activities.

⁵⁵ The minimum and the maximum loan sizes for ACSI borrowers were ETB 1000 and 3500, respectively. For OMFI borrowers, on the other hand, it was ETB 900 and 2500, respectively.

At the time of the survey, 1 USD was equivalent to ETB 8.65.

⁵⁶ This also includes investment in dairy cows. Six ACSI and five OMFI borrowers invested loans in dairy cows.

Table 5. 7 Frequencies and percentage distribution of ACSI and OMFI respondents by loan use purpose (2004).

Loan-use purpose	ACSI N=86		OMFI N=56	
	Frequency	%	Frequency	%
Livestock-related	84	98	54	96
Off-farm IGA	3	4	21	38
Crop production	2	2	12	21
Consumption use	18	21	11	20

Source: Household Survey 2004.

The above figures demonstrated that the majority of ACSI and OMFI borrowers' households had used women's loans during year 2004 on livestock, as proposed by the MFIs. In-depth interviews, especially on the ACSI study location, showed the use of loans for different economic activities, including grinding mills, fertilizer, the reclaiming of pawned land, poultry, and the local brewing trade, which were not reported in the survey. A relatively larger proportion of the OMFI borrowers used loans for off-farm income-generating activities compared to the ACSI borrowers. One possible reason for this difference could be the availability of diversified economic opportunities on the OMFI study location for individuals (women included) and households⁵⁷. It could also be due to the initial loan product of the OMFI, which was directed towards micro-business operators. In-depth interviews also revealed that most long-time OMFI borrowers used part of their 2004 loans for off-farm economic activities. The ACSI and OMFI borrower households also used part of women's loans for consumption purposes, particularly for food. This may be an indication of the very poor economic status of such households (Borchgrevink et al., 2005).

An overview of the income from loan-funded enterprises

The qualitative in-depth interviews offered some information about the gross incomes that borrowers had generated through the loan-funded livestock fattening and off-farm activities from an investment made either in 2002 or 2003. The information consists, however, of rough estimations and gives only an indication of the income-generating potential of the various activities. In addition, the study did not examine earnings across borrowers, but focused on in-depth interview participants. Because loans were partly used to finance different economic activities, a financial cost benefit analysis was expected to be a cumbersome exercise for a survey. It is difficult for women to calculate every coin generated from the loan investment. For example, most borrowers bought oxen with the loan fund and used the animal for crop cultivation. Borrowers were able to tell for how much they sold their oxen, but were unable to calculate the profit generated through crop cultivation due to the loan fund. The other important reason for focusing on in-depth interviews is the sensitivity of the subject matter, that is, income. In a survey, borrowers may not be open enough to disclose their actual earnings, for fear of a possible tax and of an increase in the borrowing interest rate.

⁵⁷ On the OMFI locations, crops such as *teff* and pepper are widely grown as cash crops, and trading is an important economic activity to women in particular. On the ACSI location, the economy is largely dominated by cereal production, largely food crops, and livestock husbandry.

The analysis presented here focuses on cash income derived from livestock and non-farm loan-funded economic activities. The information was based on information provided by some ACSI and OMFI (long-time and short-time) borrowers⁵⁸ and their spouses.

As I have already mentioned in the previous chapter, at the time of this study, ACSI and OMFI⁵⁹ extended credit for investment in livestock with the objective of improving poor household's access to draught power for farming and of enabling such households to generate some cash income. Most ACSI and OMFI borrowers used loan-funded livestock (an ox) for crop farming. According to in-depth interview participants on the OMFI locations, the monetary value of using an ox for one agricultural season was estimated to be ETB 200-300. But on the ACSI study location, it was impossible to get such information about the monetary value of an ox.

The information was drawn mainly from ACSI and OMFI short-time and long-time borrowers. Borrowers were grouped into three categories, depending on the size of the gross profit they generated from loan-funded (LF) livestock enterprise. Three borrowers out of twenty-four could not estimate the size of their income from this source. Table 5.9 presents estimated gross cash income earned from LF livestock-fattening enterprises by ACSI and OMFI borrowers for one loan period. As shown in the table, two ACSI short-time (2nd-time) borrowers earned an estimated gross cash income of ETB 200 or less. For this group, the cash return from a loan investment in livestock fattening seemed to be very low, and in some cases it was negative when the interest rate on the loan was calculated. This does not necessarily imply, however, that such households did not benefit from their loans, because the loan-funded animals may have facilitated crop cultivation and thereby may have contributed to agricultural production. Moreover, the study found that all borrowers in this group (except one) also earned some cash income from additional loan-funded activities, e.g. crop production and/or off-farm activities, or retained some assets (reclaimed pawned land). The second group consisted of four ACSI borrowers who earned an estimated income between ETB 250 and 550. The third group comprised five ACSI borrowers who earned an estimated income between ETB 700 and 1100. Except for one, all borrowers in this group had received loans about six times.

About four OMFI borrowers (three second-time borrowers) reported that they earned about ETB 200 or less from livestock fattening, while half (six) of the OMFI borrowers who had participated in the in-depth interviews, reported that their earnings from livestock fattening was estimated between ETB 250 and 550. Half of the borrowers in the last group took loans for about seven times.

In relation to income from LF off-farm enterprises, information was gathered from six in-depth interview participants (five OMFI and one ACSI participant). Only one person was interviewed from the ACSI study location, because only two in-depth interview participants reported to have used part of their loans for off-farm economic activities. As indicated in the table below, the majority (five of six) of the borrowers reported that they earned an estimated monthly income of between ETB 240 and 534. The highest monthly income was reported by an long-time OMFI borrower who was engaged in multiple off-farm activities.

⁵⁸ Long-time borrowers are borrowers who were in their sixth or seventh year in the credit group and who took on average six or seven loans, while short-time borrowers are borrowers who were in their first or second year in the credit group and had on average taken one or two loans.

⁵⁹ In the studied areas, prior to 2001, the OMFI was lending for microbusinesses and later shifted its loan product to livestock fattening.

The smallest monthly income, which was ETB 60-80, was reported by another long-time OMFI borrower. This woman was engaged in a single economic activity (pepper trading) and was involved in two or three markets per week.

Table 5. 8 Summary of Gross Incomes (in ETB).

Gross cash income/Group	ACSI		OMFI	
	Livestock	Off-farm	Livestock	Off-farm
200 or less	2	-	4	1
240-550	4	1	6	4
700-1100	5	-	0	-
Do not know income	1	1	2	-
Subtotal	12	2	12	5

Source: In-depth Interviews 2005.

A number of conclusions can be drawn on reported gross cash earnings obtained from loan-funded livestock enterprises by ACSI and OMFI borrowers' households. Firstly, a loan investment in livestock helped most households to generate some cash income. Secondly, most repeated borrowers earned a relatively higher income compared to short-time borrowers, particularly on the ACSI locations. This may be related to the fact that in the course of time, repeated borrowers had invested more money in livestock fattening. Thirdly, most ACSI borrowers earned a relatively higher gross income from livestock fattening compared to OMFI borrowers. This could be due to the importance of livestock in the local economy, as discussed in the previous chapter. Fourthly, women who engaged in multiple off-farm activities generally earned a higher income than women who engaged in a single activity. This comparison suggests that a loan investment in diversified economic activities, a full-time engagement in market activities, and the size of the investment may positively influence the amount of earnings. Fifthly, the analysis of loan-funded enterprise earnings (gross) indicated that a loan-investment in women's off-farm activities provides a relatively better cash income than a loan investment in livestock enterprises. This might be because a loan investment in livestock may not necessarily be meant to generate direct cash returns; the aim may be to support crop cultivation. Sixthly, off-farm income-generating activities were important sources of income for OMFI borrowers compared to ACSI borrowers, which again may be explained by differences in the local economies.

CHAPTER 6 INTRA-HOUSEHOLD DECISION-MAKING ON USES OF LOANS AND LOAN-FUNDED ENTERPRISE INCOME

6.1 Introduction

This chapter seeks to explore to what extent the women who borrowed money from ACSI and OMFI participated in intra-household decision-making on the use of their loans and the income that was generated through the newly established enterprises. The chapter focuses on the two aspects of decision-making that are directly related to women's access to microfinance services, i.e., the uses of the loan funds and loan-funded (LF) enterprise earnings⁶⁰. The chapter has three main objectives. First, it describes how couples organize their decision-making on the uses of women's loans and LF enterprise earnings within the household. Second, it identifies the possible factors that may influence loan investment decisions within the household. Third, it identifies the possible factors determining couples' decision-making on the uses of LF enterprise earnings within the household.

The question of who determines decisions over loan uses and LF enterprise earnings within the household is crucial to the understanding of the contribution of microfinance to women's empowerment (or to a change in gender relations). It is increasingly recognized that access to and control over credit and related income are important pathways for women to expand their income, to make an independent financial contribution to the household, and to increase their bargaining power within the household. Knowing to what extent women have decision-making power and, hence, control over loans and income, thus is important to understand whether microfinance programmes do actually support women.

As discussed in Chapter 2, the debate in the microfinance literature about whether or not women have full control over loans extended in their names or not is ongoing. The existing literature provides mixed conclusions about the degree to which women have control over their loans within the household. Several studies have offered supportive evidence that women participate in loan use decision-making within households independently and/or "jointly" with men (Lakwo, 2006; Johnson, 2005; Holvoet, 2005; Kabeer, 2001; Mayoux, 1999). Studies that compared the patterns of women's decision-making power on loan uses within female and male loanee households found that female loanees exercise significant authority over the uses of their loan funds, compared to females in male loanees' households (Holvoet, 2005) but not within female loanees' households (Kabeer, 2001). Other studies have indicated that women borrowers either transfer their loans to their husbands or have limited control over their loans within the household (Hunt and Kasynathan, 2001; Rahman, 1999; Goetz and Gupta, 1996; Ackerly, 1995). Studies have also found that women borrowers sometimes are forced or manipulated by their husbands to join credit groups and bring home loans for the men to use (Lakwo, 2006; Borchgrevink et al., 2005; Rahman, 1999).

Similarly, research provides conflicting conclusions about women's authority over loan-funded enterprise earnings within the household. Several studies have shown that women borrowers exercise decision-making power over the income generated from the LF enterprises (Johnson, 2005; Kabeer 2001; Mayoux, 2001a). However, the degree of

⁶⁰ Chapter 8 discussed which expenditures are financed by income from the LF enterprises.

influence appeared to vary considerably by gender, with male borrowers mostly exercising primary authority, while female borrowers participate in “joint” decision-making with their spouses. Still, when a credit is provided to the woman, she is more likely to influence decision-making on the income from the LF enterprise than when a loan is given to her husband (Kabeer, 2001).

Other studies, on the other hand, have suggested that women borrowers exercise limited control over LF enterprise earnings within the household (Goetz and Gupta, 1996; Ackerly, 1995; Montgomery et al, 1996). Researchers argue that women have limited access to marketing (Hunt and Kasynathan, 2001; Ackerly, 1995) and little to say about the use of cash resources within the household (Goetz and Gupta, 1996; Montgomery et al., 1996). In part, this is a question of definition, as some regard “joint” decision-making as “disguised” male dominance (Montgomery et al., 1996). Evidence has also shown that women may agree with their husbands’ decision, which they regard as a “jointly” made decision, for fear of abandonment by their husbands if they pursue their own preferences (Borchgrevink et al., 2005). Women also involve men in loan investment decisions because they need men in their businesses, especially in marketing (Kabeer, 2001).

Hashemi et al. (1996) in Bangladesh have shown that the degree of women’s control over their loans and loan-funded enterprises (profit) starkly varies between different localities. At one extreme, women borrowers had full control over their loans, while on the other extreme, they had no authority or were completely excluded from the decision-making.

In the literature, little explanation has been offered as to why some women influence household decisions over the uses of the loan funds and related enterprise earnings, while others do not. Preliminary assessments have demonstrated that women’s authority over loans and enterprise earnings may vary depending on the women’s marital status, forms of marriage, the nature of enterprises, membership duration in the credit programmes and MFI strategies, economic settings and gender norms, etc. (this will be discussed in the next section). For example, negative research conclusions were mainly observed in Bangladesh, while studies in African countries showed that women have a significant voice regarding the uses of their loan funds (Lakwo, 2006; Borchgrevink et al., 2005) and LF enterprise income within the household (Johnson, 2005; Mayoux, 1999). This may arise from the cultural and socio-economic differences in these two societies. Hashemi et al.(1996) found in Bangladesh that women lose control over their loans and related enterprises in areas where there is intense competition between men and women over scarce resources. This implies that economic constraints and an asymmetric gender hierarchy may work together to downplay women’s control over their loans and enterprises (earnings).

Chapter 2 discussed the plausible reasoning regarding the conflicting research findings discussed above. Some of the key methodological problems include the differences in the judgment of researchers concerning the type of change that is considered to be evidence of women’s empowerment, and the validity of the indicators used to capture the issues of control over loans and LF enterprise earnings (Kabeer, 2001). For example, the positive research conclusions considered women’s independent and “joint” decision-making as aspects of change in women’s status within the household, while the negative evaluations focused on female independent decision-making as an aspect of change in women’s status within the household. In addition, most positive evaluations (Holvoet, 2005; Kabeer, 2001) directly asked women about their decision-making power regarding the uses of their loans and related enterprise earnings, while most negative evaluations used proxy indicators

(Goetz and Gupta, 1996; Ackerly, 1995) which may fail to fully capture the issues of control over loans and earnings.

The remainder of this chapter is organized as follows. Section 2 presents the conceptual framework of the study, which discusses the different variables included in the regression analysis. Section 3 presents the empirical findings of the study. The first part of section 3 presents the descriptive findings, while the second part presents the outcomes of the regression analysis. In-depth interviews are used to interpret and supplement the descriptive findings and the regression outcomes. Finally, section 4 presents a short summary.

6.2 Conceptual Framework

As mentioned in the introduction, this chapter deals with the two important resource allocation decisions within the households of ACSI and OMFI married female borrowers', namely those regarding credit and earnings. Women's ability to influence decisions in these areas is vital for the achievement of greater equality within the household. The first dependent variable is *intra-household decision-making on loan uses*, which is defined as a woman's relative influence on the uses of her loan fund, compared to her husband's influence within the household. The information was collected based on the subjective judgment of ACSI and OMFI married female borrowers regarding their decision-making power relative to that of men. The survey's female respondents were asked: "*who made the final decision on how to spend your last loan within the household?*". Value 1 was assigned to the response 'me myself (women)', 2 to 'joint', 3 to 'spouse'. There was a follow-up question for those responding 'joint', in order for them to specify their level of influence in the 'joint' decision-making. Next, a value 1 was assigned to those who responded 'limited', 2 to the response 'equal', and 3 to the response 'significant'. Finally, the two responses were combined and an ordered variable was constructed for the dependent variable *intra-household decision-making on loan uses*, with value 1 being assigned to 'mostly men', 2 to 'equal', and 3 to 'mostly women'.

The second dependent variable is *intra-household decision-making on earnings from the LF livestock-fattening (household) enterprises*, which is defined as a woman's relative decision-making authority on the uses of income from the LF household enterprise compared to that of her husband. The survey's female respondent was asked: "*what is the level of your control over earnings from the LF household enterprise?*". Value 1 was assigned to the response 'full', 2 to 'significant', 3 to 'equal', 4 to 'partial', 5 to 'no control'. The first two ('full' and 'significant') were combined, labelled 'mostly women', and were given value 3, we gave value 2 to 'equal', while the last two responses ('partial' and 'no control') were combined, labelled 'mostly men', and given value 1.

Women's ability to influence decisions on the uses of their loans and related earnings is inextricably linked to the individual/household socio-economic factors and wider institutional contexts in which women's lives and household relations are embedded. These factors may operate at individual, household, and MFI levels, and may shape intra-household decision-making outcomes in different ways. Figure 6.1 displays the conceptual framework of the study. As indicated in the figure, accessing credit in her own name may contribute to a woman's active involvement in loan-related decisions within the household. Nevertheless, access may not be automatically translated to control due to various factors. The socio-economic background of the women and the characteristics of the household, which include age, education, types of marital relation, membership duration in the credit groups, religion, and land rights may facilitate or limit women's authority over loans and

related earnings. The wider institutional contexts, such as local social (gender) norms and local economic systems, and MFI-related policies and strategies may not only affect women's authority over loans and LF enterprise income, but may also shape the socio-economic factors. The variations in institutional context of the two studied communities may also lead to differences in intra-household decision-making outcomes.

Factors that are hypothesized to affect women's decision-making power on uses of loans and related earnings are discussed in the following paragraph. The descriptive statistics, including the measurement of the variables, is presented in the previous chapter in Table 5.

Age (AGE): refers to the age of the female respondent. In many cultures, great value is accorded to individuals (women and men) at an old age, partly due to the experiences they accumulate in life. Numerous investigators in Africa have demonstrated that older wives exercise relatively more authority in household decision-making compared to younger wives (Kritis and Makiwa-Adebusoye, 1997; Kiriti et al., 2003; CSA and Macro 2006). In Nigeria, married women gain authority with *age*, irrespective of their residential area and ethnic group (Kritis and Makiwa-Adebusoye, 1997). Older women in Ethiopia exercise relatively more authority on issues pertinent to their health, mobility, or large and small purchases, compared to their younger counterparts (CSA and ORC Macro, 2006). In the context of microfinance clients, too, Goetz and Gupta (1996) have suggested that older women may have greater control over loan-related investments within the household compared to younger women. We also hypothesize that, with her rising *age*, a woman is more likely to exercise authority on how to invest (spend) her loan funds and earnings from LF household enterprises within the household. Hence, we expect both a positive and a significant association between the variable *AGE* and the two dependent variables.

Education (EDU): refers to the educational background of the female respondent. Education enhances a woman's confidence and ability to have a voice in household decision-making. A number of studies have suggested a positive association between a woman's education and her participation in household decision-making (Kritz and Makinwa-Adebusoy, 1997; Fafchamps and Quisumbing, 2002; CSA and ORC Macro, 2006). A study by Kritz and Makinwa-Adebusoy (1997) in Nigeria shows that women's say in household decision-making on matters such as selling or buying land, the schooling of and medication for children, the use of the husband's income, or purchases for the house increases with formal education (primary and secondary). A national survey in Ethiopia by CSA and ORC Macro (2006) suggests that women with primary and secondary education are more likely to exercise more authority on their health, mobility, and large and small purchases, compared to women with no education. Hence, we hypothesize that women with some education are more likely to have a say on the use of their loans and related earnings within the household than women with no education. However, due to the low level of women's education in both subsamples, we do not expect a very strong effect.

*Religion (REL)*⁶¹: refers to the religious affiliation of the respondent. Religious beliefs and practices may play a role in determining women's status in society. There is a widespread assumption that Muslim women enjoy limited rights over resources within the household. Evidence also suggests that Muslim women exercise less authority in household decision-making than Christian women (Kritz and Makinwa-Adebusoy, 1997). Several studies in Ethiopia indicate that the customary practice in Orthodox Christian-dominated regions

⁶¹ The variable is only applicable for the OMFI, not the ACSI, since there was no variation in religion among ACSI respondents.

provide women with more rights over household properties (WAO and World Bank, 1998; Fafchamps and Quisumbing, 2002), and more decision-making power (CSA and ORC Macro, 2006) compared to women in the Muslim-dominated regions. Hence, being a Christian may positively relate with women's authority in decision-making on loan uses and LF enterprise earnings than being a Muslim. However, the effect may not be significant, partly because the cultural practices in the area transcend religious practices. For example, for ACSI borrowers, Orthodox Christianity is the norm and marriage is mainly monogamous, while among OMFI borrowers even Orthodox Christians practice polygamy. *Religion* is measured as a discrete variable set equal to "1" if the woman is an Orthodox Christian, 2 if she is Protestant Christian, and 3 if she is a Muslim. "Muslim" is used as a reference group in the regression analysis.

Membership duration (DUR): refers to the number of years that a female respondent has been a member of a credit group. It also represents the frequency of borrowing and the size of loan funds. This means, as indicated in Chapter 4, that the number and the size of loans that individuals' access is likely to increase in tandem within the duration of their participation in the credit group. In other words, borrowers who are members of credit groups for a larger number of years are more likely to have taken a relatively higher number and amount of loans than women with a few years of membership in credit groups. With the lengthening of her stay in a credit group, a woman may access more resources, and gain experiences in the operation of credit services and the management of economic enterprises (Goetz and Gupta, 1996). Evidence has demonstrated a positive association between the duration of a woman's participation in a credit programme and her authority regarding household decision-making (Hashemi et al., 1996; Holvoet, 2005; Goetz and Gupta, 1996). Hence, we hypothesize that a woman's decision-making power on loan uses and use of earnings from LF household enterprises within the household may increase in tandem with her length of stay in the credit group/programme⁶². We expect both a positive and a significant association between a woman's *membership duration* variable and her say in decision-making over loan uses and earnings from LF household enterprises. The data on the women's membership duration has been collected in years.

Form of marriage (MAR): refers to the form or type of marital relation in which the female respondent is involved. The type of marital relation can be broadly divided into monogamy and polygamy, and women's decision-making status within the household may vary depending on the marital relation they are in. Some studies suggest that women in polygamous households are primarily responsible for the consumption need of their households (Mandel, 2004). Moreover they maintain a certain level of autonomy within the household (Narayan et al., 1999; Baerends, 1994; Kandiyoti, 1988). As indicated in Chapter 5, some women in polygamous households can be depicted as *de facto* heads of household, with them getting little support (or interference) from their husbands. On the other hand, however, polygamous women are a far from homogenous group, because their status within the household may vary depending on seniority. We expect a positive and significant association between the variable polygamous form of marriage and a woman's say on uses

⁶² In the literature, various researchers comment that membership duration may exaggerate the effects of women's credit on household decision-making outcomes. The reason is that women who are more autonomous and influential in household decision-making may choose to join a credit programme earlier than less autonomous women and, hence, would have a lengthier duration in the credit programme (Hashemi et al, 1996; Osmani, 2007; Shuler et al, 1996). Nevertheless, in this study, the various backgrounds and household characteristics such as women's age, women's land right, or women's education may control for such biases, since such characteristics are hardly affected by women's access to microfinance in the studied area.

of loans and related enterprise earnings (LF livestock) within the household. This means that women in polygamous household are hypothesized to have more authority on the uses of their loans and related income (from LF livestock enterprise) within the household, in comparison to women in monogamous households. But we do not expect a very strong significant relationship because polygamous women are not differentiated based on seniority due to the small number of observations. MAR is a dummy variable, indicating whether the woman lives in a polygamous (1) or a monogamous household.,

Woman's land right (LNR⁶³): is defined as the level of a woman's right to family land compared to the right of her husband. Growing evidence in the developing countries shows that women's land right (ownership or usufruct right) enhances women's bargaining power within the household (Agrawal, 1994; Doss, 1996; Quisumbing and Maluccio, 2000). In view of the bargaining theory of the household, women who own more resources relative to their husbands may be able to economically support themselves outside marriage (Folber, 1997; Agrawal, 1994), and as a result they may bargain for the transfer of resources by other household members (Doss, 1997). Nevertheless, we do not expect married women who have a significant land right to use divorce as a threat in case of loan-related conflicts within the household. This is because in traditional and religious societies divorce is more likely to involve great legal and social consequences. In such situations, instead of divorce, women may use "refusing to bring home a loan" as an alternative bargaining strategy. This is because the level of a woman's land-right within the household may influence a woman's decision to leave credit programmes or not. Therefore, we assume that a woman who has a significant right to family land may use her access to MFI credit (credit group membership) as a bargaining strategy in loan-related decision-making within the household. On the other hand, for a married woman with limited a land right within the household, access to MFI credit alone may not offer the power to influence loan-related decisions within the household. Therefore, our hypothesis is that with an increase in the level of a woman's land right compared to that of her husband, she is more likely to influence decisions over the uses of a loan and earnings from a LF enterprise within the household. The variable *LNR* is an ordered variable, where the value 1 is given if the household land belongs to the man, value 2 is given if a man and a woman "jointly" own land, and the value 3 is given if the land belongs to the woman.

⁶³ It is important to note that in Ethiopia land belongs to the state. It cannot be legally and permanently sold or purchased, and therefore, it is unlikely that either the loan fund or the income generated thereof will influence women's land ownership status within the household.

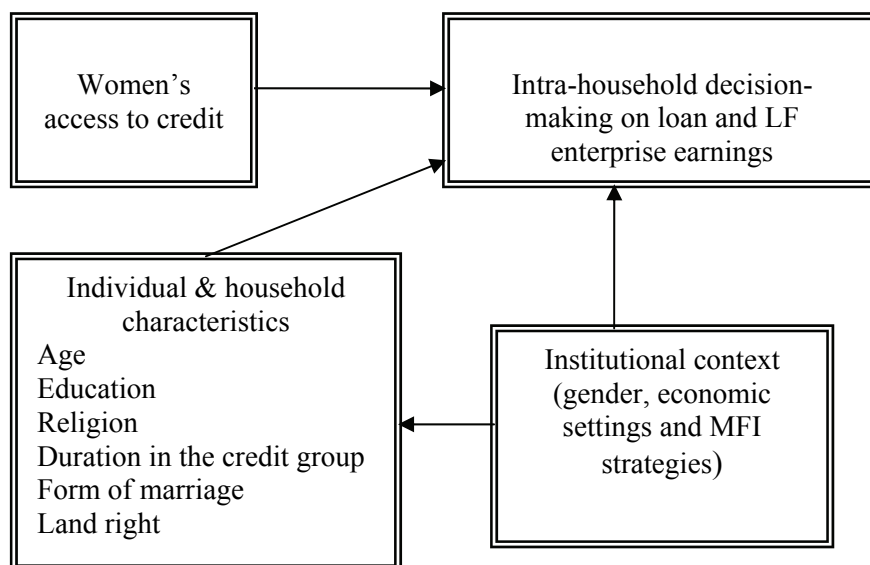


Figure 6. 1 The conceptual framework: loan and income allocation.

The models

We use the Ordered Probit Regression Model to analyze the data since the two dependent variables are ordered and take three discrete values each. The same explanatory variables are used to analyze the determinants of the two dependent variables. However, two separate models are developed for ACSI and OMFI because of the structural differences between the two studied communities. As already mentioned in chapter 5, there is no difference among ACSI respondents regarding religion and types of marital relations, as opposed to the OMFI borrowers. As a result, these variables are only included for the OMFI model.

The model for ACSI is:

$$ADM = f(AGE, EDU, DUR \text{ and } LNR) \quad (2.1)$$

(2.2)

The model for the OMFI is:

$$ODM = (AGE, EDU, DUR, LNR, RIL, MAR) \quad (2.3)$$

Where

ADM = ACSI married female borrower respondent decision-making on loan uses and LF enterprise earnings;

ODM = OMFI married female borrower respondent decision-making on loan uses and LF enterprise earnings;

AGE = the age of the respondent;

EDU = the literacy or educational status condition of the respondent;

DUR = the number of years that the respondent was a credit group member and accessed credit;

LNR = the respondent's land ownership right;

REL = the religion of the respondent;

MAR = the form of marriage in which the respondent is involved.

6.3 Empirical Results

6.3.1 Descriptive statistics

a. Intra-household decision-making on loan uses

Table 6.1 presents the descriptive findings regarding decision-making on the use of women's last loans within ACSI and OMFI borrowers' households. A third (33%) of the ACSI borrowers reported that they influenced decisions on the use of their last loans, while about a fourth (21%) reported that they made joint decisions on how to spend their last loan with their husbands. In nearly half (47%) of the cases, borrowers reported that their husbands influenced loan use decisions within the household. Similarly, nearly a third of (30%) the OMFI borrowers reported that they influenced the use of their last loans, while about slightly more than a forth (27 %) of the OMFI borrowers mentioned that they jointly decided with their husbands on the use of their last loans. About 43 percent of the OMFI borrowers were excluded or had little say in loan use decision-making within the household.

Table 6. 1 *Frequencies and percentage distribution of ACSI and OMFI borrowers by decision-making on loan uses (2004).*

Decision-making	ACSI		OMFI	
	Frequency	%	Frequency	%
Mostly men	40	47	24	43
Men and women "equal"	18	21	15	27
Mostly women	28	33	17	30
Total	86	101	56	100

Source: Household Survey 2004. Note: there is no significant difference between ACSI and OMFI borrowers (Kolmogrov-Smirnov Test⁶⁴); Percentage may not add up to exactly 100% due to a rounding error.

The statistical test suggests that there is no significant difference in the patterns of decision-making on loan uses between the borrowers of the two institutions. Although the loan was given in a woman's name, nearly half (43-47%) of the ACSI and OMFI borrowers had little or no authority over the use of their loans, compared to only a third (30-33%) of the spouses (men) who had little or no authority over the use of their wives' loans within the household. This may appear surprising, particularly in relation to the ACSI, given its persistence with its monthly centre meeting, where it teaches borrowers (also representatives) about women's rights. Nevertheless, there are three plausible reasons that may explain why women had limited authority over the uses of their loans compared to men. Firstly, as discussed in Chapter 4, in the studied areas both institutions extended loans for investment in livestock, with the objective of addressing the draught animal constraints of poor households. Because this type of investment is associated with men's traditional economic roles, it is possible that men influence decisions concerning how much money must be invested in the livestock-fattening enterprises. We also learned from the in-depth interviews that men's knowledge and roles in agricultural production and livestock marketing had contributed to their significant authority over the uses of loan money. This is important for women because the cooperation of men is required in the running of the enterprise. Secondly, the ACSI's and OMFI's lending rules, which required men to be co-signatory for their wives' loans, may have encouraged men to become involved in loan use decision-making within the household. This is because the consequences of any loan default may impinge on household resources, such as land or crops. Finally, in both the

⁶⁴ This test is used for ordered data and two independent observations.

studied societies, men influence household decision-making on loan uses partly because of their traditional role as the head of the household, and partly because of their dominance over women.

Although women's authority over loan use decision-making is limited compared to that of men, in group discussions women pointed out they would not have had such a level of influence over loan uses if the loan had been given to the men. According to group discussants, if loans had been given to their husbands, in the worst scenario, some women would not even have had an idea about the amount of money their husband might have borrowed. With a few exceptions, women borrowers did not see men's significant influence over loan use decision-making within the household as a serious problem. This might be because, as I have already shown in the previous chapter, most households used their loans for the intended livestock-fattening activities, and this suggests that the interests of men should not always be seen as contradictory to the interests of women within a household.

b. Intra-household decision-making regarding LF enterprise earnings

It was mentioned in the previous chapter (5.3) that the great majority of ACSI and OMFI borrowers' households used women's loans for livestock-fattening enterprises. In addition, over a third of the OMFI borrowers invested part of the loan funds on off-farm economic enterprises. The livestock-fattening enterprise is often regarded as a household enterprise, undertaken by household members and owned by both men and women. On the other hand, an off-farm income-generating enterprise is an individual-level enterprise, mostly undertaken/owned either by the woman or the man. The next paragraph analyzes the decision-making about the use of earnings generated from household-level enterprises and off-farm enterprises. ACSI borrowers are excluded from this analysis because the number of borrowers who reported a loan investment in off-farm economic enterprises was very low.

Table 6.2 displays the patterns of intra-household decision-making on incomes from the LF household enterprise incomes. The data shows that around 44 percent of ACSI borrowers reported that they mostly influence decisions on the incomes generated from the LF household enterprises and about a third reported that they were mostly involved in joint decision-making with their husbands. In about 23 percent of the cases, ACSI borrowers had little or no authority on incomes from the LF household enterprises. with regard to OMFI borrowers about 47 percent of OMFI borrowers reported that they mostly influence decision-making over incomes from LF household enterprises and about 43 percent of OMFI borrower reported that their husbands mostly influence decisions on the uses of incomes from the LF household enterprise. Only 8 percent of OMFI borrowers reported that they make a "joint" decision with their husband.

Table 6. 2 *Frequencies and percentage distribution of ACSI and OMFI borrowers by decision-making on incomes from loan-funded livestock enterprise.*

Decision-making	ACSI		OMFI	
	Frequency	%	Frequency	%
Mostly men	19	23	23	45
Men & women “equal”	27	33	4	8
Mostly women	37	44	24	47
Total	83	100	51	100

Source: Household Survey 2004. Note: there is a significant difference between ACSI and OMFI borrowers at the 10% level (Kolmogrov-Smirnov Test⁶⁵).

The above table shows that the ACSI and OMFI borrowers had relatively significant decision-making power on the uses of earnings from traditionally male-dominated enterprises compared to their husbands. This could be partly because they are the ones who borrowed the money, but it might also be due to a microfinance-related awareness. In relation to loan uses, it was also stated that some women influence decisions because they are the ones who borrowed the loan fund.

On the other hand, a Kolmogrov-Smirnov Test indicated that there is a 10% significance difference between the ACSI and OMFI borrowers’ households regarding the patterns of intra-household decision-making arrangements. A relatively larger proportion of ACSI borrowers (74%) compared to OMFI borrowers (55%) had a significant voice in decision-making regarding the uses of earnings from the LF household enterprises. This difference may partly arise from the pre-existing difference in women’s status in the two communities. As described in Chapter 4, women in the Amhara (including the studied *Kebele*) appeared to exercise significant authority in “household” resource allocation decisions, compared to women in the SNNPR (including the *Kebele* studied there). It is also possible that the ACSI’s awareness-raising campaigns regarding women’s rights at the centre meeting may have significantly contributed to women’s significant involvement in decision-making regarding the uses of earnings.

In addition, a relatively larger proportion (33%) of the ACSI respondents reported that they and their husbands “jointly” make decisions on the income generated from the LF livestock-fattening enterprises, compared to only 8 percent of the OMFI respondents who reported that they and their husbands “jointly” make decisions on such income. This reflects the normative intra-household decision-making arrangements in the studied Amhara and the Gurage localities. In the former, household decision-making is largely characterized by “jointness”, while among the Gurage households, men and women mostly exercise their authority in separate spheres of decision-making.

Table 6.3, presents intra-household decision-making arrangements regarding the income generated from LF off-farm economic activities, mainly trading. The data show that over three-fourths of the OMFI borrowers had significant authority over earnings from LF off-farm economic activities within the household, compared to only 24 percent of the men who had a similar degree of influence. This is because women’s loans were largely used to

⁶⁵ This test is used for ordered data and unpaired observations.

finance women's independent off-farm enterprises, compared to men's independent off-farm enterprises.⁶⁶

Table 6. 3 *Frequencies and percentage distribution of the OMFI borrowers by decision-making on loan-funded off-farm earnings.*

Decision-making	The OMFI	
	Frequency	%
Mostly the husband	5	24
Mostly the wife	16	76
Total	21	100

Source: Household Survey 2004.

In conclusion, the descriptive findings discussed in this section indicated that both ACSI and OMFI borrowers had a limited say in loan use decision-making within the household, but they had significant authority regarding the uses of income from the LF enterprises, compared to their husbands. However, there was a significant difference in the degree to which the borrowers (women) of the two institutions influence decision-making on income from the LF household enterprises.

6.3.2 The estimated model

As already mentioned earlier, a separate model was estimated for the two independent observations (ACSI and OMFI) because of the structural differences in the two studied communities in terms of marriage and religion. Table 6.4 and Table 6.5 present the results of the estimated models for the determinants of decision-making on loans and LF household enterprise income in relation to the two observations, respectively. As is evident from the tables, the explanatory power of the models as measured by R^2 is very low, particularly for the ACSI observations. This could be due to various reasons, including the small number of observations, unobserved individual and household characteristics, and the exploratory nature of the study.

a. Intra-household decision-making on loan uses

Table 6.4 presents the estimation result for household decision-making on loan uses for the ACSI and OMFI models. As indicated in the table, only one variable in the ACSI model explains the dependent variable, intra-household decision-making on loan uses. In the OMFI model, on the other hand, three variables, namely age, membership duration, and form of marriage explain intra-household decision-making on income from the LF household enterprises to different degrees. One of these variables, i.e. the form of marriage, is specific to the OMFI observations. The estimation results are discussed in the subsequent paragraphs.

⁶⁶ It is important to note that OMFI borrowers who used their loans for off-farm activities were mostly long-time borrowers who joined credit groups when the OMFI extended credit to finance microbusinesses.

Table 6. 4 Estimation result for intra-household decision-making on loan uses.

Loan-use	ACSI	OMFI
	Coefficient	Coefficient
Age	.29(.13) ^a	.42 (.20) ^a
Education	.18(.22)	-.08(.37)
Membership duration	.08(.13)	.15(.10) ^b
Form of marriage	-	.50(.38) ^d
Land use right	-.49(.43)	-.23(.27)
Orthodox Christian*	-	-.33(.38)
Protestant Christian*	-	-.33(.58)
No. of observations	83	55
LR chi2(8)	6.74	12.28
Prob>chi2	.1403	0.0918
Pseudo R2	.0385	0.1040
Log likelihood	-85.151379	-52.880176

Note *: the comparison group consists of Muslims.

a, significant at 5%; b: significant at 10%; c: significant at 15%; and d: significant at 20%.

As indicated in the table (6.4) above, *AGE* has a significant ($p < .05$) positive effect on loan use decision-making within ACSI and OMFI borrowers' households. This is in line with our expectation that, with a rise in a woman's age, her influence over the use of her loan funds is likely to be significant. This means older women are more likely to have more authority on how to spend their loan funds within the household in comparison to younger women. The greater social value and respect attached to old age may have provided older women with a better voice within the household compared to younger women. In addition, the life and work experiences that a woman accumulates within marriage may offer older women more roles in household resource management compared to younger women, and as a result they may influence decision-making on loan uses within the household. Furthermore, according to in-depth interviews (on the ACSI location) in older couples' households, some men appeared to exclude themselves from loan-related activities and decision-making. In such households, even the decision to join the credit programme was said to be mostly made by women themselves. As a result, women seemed to assume major responsibilities over loan-related decisions and seemed to work with little interference or assistance from their husbands. This could be, in part, because older men may be unable to assume new responsibilities within the household, due to physical incapability, as they are more likely to be older than their wives.

Women's education (EDU) has no significant effect on loan use decision-making for both the ACSI and the OMFI models. The sign of the coefficient for the ACSI model is positive as predicted, while it is negative for the OMFI model. The low level of women's education may explain why the education variable is insignificant.

The forms of marriage (MAR), which is used for the OMFI model, has a significant positive effect ($p < .20$) on a woman's authority over loan use decision-making within the household. This implies that women in polygamous marriages are more likely to have a say in loan use decision-making, compared to women in monogamous households. However, the variable is not as significant as it was expected to be. The in-depth interviews with women and men in polygamous households offered some insights into the variations and the complexities involved regarding decision-making in such households. The position of (senior or junior) co-wives and different residential arrangements are the two variables that

explain resource management and decision-making in polygamous households. Firstly, a polygamous woman appeared to exercise significant or independent authority in loan use decision-making if her husband was living mostly (regularly staying) with (an) other wife(s) in different districts or regions. This is because the husband often has minimal interference in household affairs and hardly provides assistance to his wife and his children. Secondly, a senior co-wife is more likely to engage in loan use decision-making, either independently or jointly with her husband. The reason is that, in most cases, senior co-wives tend to own property, including land registered in their own names (or allotted by their husbands) and often have an adult son or sons, who assist them in farming. As a result, such women seem to be less dependent on their husband. Finally, a junior co-wife is more likely to exercise limited decision-making authority compared to a senior co-wife. This might be because men often spend more time with junior co-wives, with whom they share familial and financial responsibilities.

The variable *Religion* (REL), which is used in the OMFI model, has no significant effect on loan use decision-making within the household. In addition, the sign of the coefficient is also negative, contrary to the initial hypothesis suggesting that being an Orthodox Christian is negatively associated with women's authority over loan use decision-making compared to being a Muslim. This could be related to the point mentioned in the conceptual framework section, that the distinction between the two religious groups may not be sharp enough to affect intra-household decision-making because of the powerful cultural practice that transcends people's adherence to religion.

Membership duration (DUR) has a significant (10%) positive effect on loan use decision-making within the household for the OMFI model. This means that, with an increase in the duration of a woman's participation in the credit programme, it is more likely that an OMFI borrower will influence loan use decisions within the household. In the ACSI model, membership duration has an insignificant but positive effect.

In-depth interviews with OMFI borrowers offered two possible reasons for the importance of membership duration in explaining intra-household decision-making on loan uses. Firstly, a woman who has been a member of credit groups for relatively many years (or a long-time borrower) is likely to have more public exposure and interaction (related to credit group meetings and the microfinance institution) and access to relatively more and larger loans. A woman's public exposure and interaction increases her awareness and self-confidence, and consequently strengthens the voice she has in household decision-making. In addition, most of the long-time borrowers, who were interviewed in-depth (five out of six), used part of their loans to finance independent, off-farm economic activities. Hence, larger and more loans may imply more independent earnings for the woman (and her household) and more assets, and consequently more bargaining power for the woman. This point may indicate the potential effects of microfinance to women. The second point is related to the change in OMFI loan products. In chapter 4, I have described that the long-time OMFI borrowers joined credit groups at the time when the OMFI's credit was extended for individuals to operate non-farm microbusinesses, while the short-time borrowers joined credit groups when the OMFI's credit was targeted towards agricultural activities (livestock fattening). This means long-time borrowers joined credit groups in order to access credit to start up a new business or expand own independent off-farm enterprises, while short-time borrowers joined credit groups to bring home loans for the household-level enterprises traditionally managed by men. As a result, long-time OMFI borrowers may assume ownership of the loan fund, while the short-time borrowers may act

as a conduit to bring credit into the household. In line with this, most long-time OMFI borrowers continued to finance their independent enterprises and to attend credit group meeting regularly to collect their monthly savings, discuss loan investments, and share experiences. Conversely, short-time OMFI borrowers hardly used loans to finance independent off-farm enterprises or met as a group, except at the time of borrowing. Instead, their husbands meet and make arrangements for the collection of the monthly compulsory savings. Hence, in addition to women's long years of experience and exposure in credit-related activities, the OMFI's initial loan product for individual off-farm activities (also for women) seemed to facilitate women's ownership of the loan fund and, consequently, increased women's authority over loan use decision-making within the household.

In-depth interviews with the ACSI's long-time and short-time borrowers also suggested the limited effect of membership duration on intra-household decision-making on loan uses and offered a possible explanation why the variable membership duration has a limited effect in the ACSI model. As mentioned in Chapter 4, ACSI began facilitating centre meetings for its credit group members after three years of operation in the studied *Kebele*. In the centre meeting, credit group members were taught about issues related to loan uses, women's rights, and HIV/AIDS, among other things. Short-time ACSI borrowers' exposure to such a forum might have facilitated a quick learning process and awareness among this group and might have narrowed the knowledge gap among borrowers in this different loan cycle.

The variable *land right (LNR)* has an insignificant and negative effect in women's say in loan use decision-making within the household for both the ACSI and the OMFI models. This is contrary to our initial expectation, which was that a woman who has more right over the family plot would influence loan use decision-making within the household. However, there is a plausible explanation for the negative relationship between *land right* and decision-making on loan use. A landless woman may want to invest her loan fund according to her preference, because of her limited right over the family plot.

The interaction terms, such as MAR x AGE, AGE x EDU, and MAR x LNR in the OMFI model, are not significant. Moreover, when these interaction terms were included in the model, the significant variable became insignificant. Similarly, when the interaction term AGE x EDU is included in the ACSI model, the sign as well as the significance of the original variables change, while the variable LNR becomes significant. This could be largely due to the small number of observations. As a result, the interaction terms are excluded from the model for loan uses.

b. Intra-household decision-making on the uses of earnings from LF household enterprises

Table 6.5 displays the findings regarding the estimation result for intra-household decision-making on earnings from the LF household enterprises. As indicated in the table, none of the variables in the ACSI model explain the dependent variable. By contrast, in the OMFI model, three variables, namely form of marriage, religion, and membership duration in credit groups explain intra-household decision-making on earnings from the LF household enterprises to different degrees. The first two variables are specific to the OMFI observations. As a result, the following discussion will entirely focus on the OMFI. At the end, a possible explanation will be offered for the ACSI, using the findings from the in-depth interviews.

Table 6. 5 Estimation result for intra-household decision-making on earnings from the LF household enterprises.

Variable	ACSI	OMFI
	Coefficient	Coefficient
Women's age	.29(.13)	.02(.26)
Woman's education	-.080(.21)	-.26 (.43)
Membership duration	-.01(.12)	.14(.11) ^d
Form of marriage	-	1.13(46) ^a
Woman's land right	.14(.41)	.55(36) ^c
Orthodox Christian*	-	-.08(.44)
Protestant Christian*	-	-1.46(.77) ^b
No. Observation	80	50
LR chi2(8)	.52	18.84
Prob>chi2	.9711	0.0087
Pseudo R2	.0031	0.2058
Log likelihood	-85.207825	-36.35954

Note * the comparison group consists of Muslims.

a: significant at 5%; b: significant at 10%; c: significant at 15%; and d: significant at 20%.

Both *AGE* and *EDU* have no significant effect on household decision-making on income from LF household enterprises. However, both variables have positive coefficient as expected, suggesting that a woman's say in decision-making on income from LF enterprises may potentially rise with age and having some education. This is because education contributes to knowledge and enhances an individual's problem-solving capacity. Moreover, education may enhance a woman's confidence and ability to articulate her ideas in household decision-making.

Form of marriage (MAR) has a significant ($p < .05$) positive effect on intra-household decision-making on the uses of earnings from the LF household enterprises. This is consistent with our prediction that women in polygamous households are more likely to influence household decision-making on income from LF household enterprises, compared to women in monogamous households. As discussed in relation to loan use, decision-making patterns on earnings also vary among polygamous women, depending on their seniority and residential arrangement.

Religion has a significant ($p < .10$) and negative effect in relation to religion 2, which represents Protestant Christians. This may imply that Protestant Christians are less likely to have decision-making power concerning LF enterprise income compared to other religion followers. In relation to *religion 1*, - Orthodox Christianity -, the variable is insignificant and the sign of the coefficient is contrary to the initial prediction. Initially, it was predicted that an Orthodox Christian woman would have more power over household decision-making compared to a Muslim woman. This assumption was largely established based on the difference in the status of women between Orthodox Christian- and Muslim-dominated regions in Ethiopia. Quite the opposite, the estimation result shows a negative association between being an Orthodox Christian and women's decision-making power. The explanation given in relation to loan use applies here.

Membership duration (DUR) has a significant ($p < .10$) positive effect in the OMFI model. The reasons discussed in relation to loan use, i.e., experience and exposure in the credit programmes and the institutional arrangement, apply here as well.

The variable *land right* (*LNR*) has a significant ($p < .20$) positive effect on women's say on income derived from the LF household enterprises in the OMFI model. This means that, with an increase in a women's right to the family plot, she is more likely to exercise authority on the use of earnings from LF household enterprises. In the ACSI model, the variable *land right* is not significant, but the sign of the coefficient is positive.

When the interaction terms MAR x AGE, AGE x EDU, and MAR x LNR are included in the OMFI model, the significance of the original variables remain the same. However, none of the interaction terms significantly explain intra-household decision-making on earnings. On the other hand, the overall significance of the model drops from 1% to 5%. Hence, the original model is retained.

6.3.3 Insight from the in-depth interviews and group discussions

The outcome of the model discussed above does not fully explain why different decision-making arrangements prevail among ACSI and OMFI borrowers' households. As already mentioned, it could also be partly due to the small number of observations and the exclusion of some potential explanatory variables. In addition to explaining and interpreting the descriptive and estimation results, the in-depth interviews and groups discussions are used to provide additional information on possible factors determining intra-household decision-making on the use of loans and enterprise earnings.

a. Gender norms and male dominance

Gender norms that are strictly observed by men and women, particularly on the OMFI location, were important in reinforcing the already existing unequal power structure within the household. The variables included in the regression model hardly capture the extent to which individuals adhere to traditional gender roles in decision-making or not. The variable *land right*, which is partly determined by local custom, was incorporated in the estimated models to check whether ownership of material resources determines women's bargaining power over allocation of loans and related income within the household.

As mentioned in the theoretical chapter, different socio-cultural factors may determine intra-household decision-making arrangements. Social perceptions about the roles that men and women are expected to assume within the household (and beyond) may significantly affect household decision-making outcomes. Although it may appear as if a particular social norm is common to a given society, it is amenable to change over time, due to such intervention. The regression analysis has revealed that the variable of women's membership duration in a credit programme plays a significant role in determining the way in which women influence loan-related decisions within the household. This could be partly attributed to a microfinance-induced increased incomes and awareness. In-depth interview participants, especially short-time OMFI borrowers, explained that they played a limited role in loan-related decision-making, due to the prevailing social practices in their society. These women perceived their roles as "subordinate" and their husband's role as key "decision-makers" within the household. Descriptions such as "he is the head of the house"; "this is not the custom of this community"; "the decision-maker is the husband, and I give the money to him"; "I am under him; I cannot make decisions on my own"; and "it is the right of the man" were used by some women borrowers to explain the reason why their husbands had influenced the decision-making regarding loan and income use within their households. This was also supported by some men, as the testimony of one OMFI borrower's husband illustrates: "I accept the money right there [loan office]... She is a woman. How can you give money to a woman? That does not work in our culture, maybe

in town”. The following case shows how men can use their power to persuade their wives to bring home loans and make related decisions.

Case 6.1 Male dominance

AM is in her late 40s, married with children. She joined the OMFI credit group in 2002. She joined the credit programme at the time when the OMFI was exclusively targeting women in her locality. According to AM, the OMFI exclusively targeted women during that period because women were repaying their loans timely, compared to male borrowers. Since her husband was not eligible for OMF loans because of the focus on women, he forced her to join the programme and bring him money. When explaining how she joined the group, she said: “It was with a fight. He [her husband] asked me to bring him a loan. But I refused and we quarrelled. I told him to use the property he already has. But he insisted and finally I brought him the money”.

She said she refused to join the programme because her household had enough resources for survival, including a pair of oxen, and there was no need for cash in her household. In addition, she did not want any problems, because she knew some men in her area failed to repay their loans on time. According to AM, even her relatives advised her not to borrow any money, recognizing the economic status of her household and the health problem of her husband. However, she said her husband forced her to bring him money and she joined the OMFI credit programme and brought him the loan money. After this, her husband did not involve her in any of the decisions. Although he told her that he had bought an ox with the loan money, she was not sure whether it was from the loan money or not. At the moment of loan repayment, her husband had to settle her loan by selling crops cheaply. She noted that the “loan-funded” ox was not sold because it was not properly fed, as she was not involved. She complained about the consequences of taking the loan by saying in Amharic: “*yalegnen yizo weta*”, which literally means “it took away what I had”. After this experience, AM told her husband that she would leave him if he would ask her to bring home a loan again. He did not ask her again, and she left the group.

The above case shows how a man may force his wife to bring home a loan, may control loan investment decisions and determine the sources of loan repayment. As the case indicated men may use the existing power hierarchy in the household to influence decision-making and perpetuate women’s subordination. This kind of problem is more likely to be pronounced when loans are exclusively targeted to women, excluding the men.

It was discussed in Chapter 4 that local customs, in the Amhara and the Gurage communities define the socially appropriate market space for men and women. As a result, it is socially unacceptable for married women to participate in livestock marketing (see Chapter 7). Despite this, some women tried to participate in loan-related livestock marketing for the following reasons: a) when they did not trust their husbands; b) when the husband was not around or sick; and c) just because they took the loan in their own name. One ACI borrower explains the significance of attending the livestock market for women as follows:

“When a woman goes to a livestock market, she will have the opportunity to see the purchasing and the selling prices of the animal. This will help her to avoid *wastage* [misappropriation by the husband] of the loan money. By going to the market, I am able to check and manage my finances, because I can see it. If I do not have the chance to see the transaction, I cannot guess the true price”.

Ms. ST went to the livestock market to buy livestock with the loan fund and also to sell the fattened livestock, despite her husband’s discontent. She decided to participate in livestock marketing because she feared that her husband might misappropriate the money. Although

she was not open enough to tell her “private” story, it was understood from the neighbours that her husband was very addicted to alcohol. But by going to the market, Ms. ST was able to monitor and control the loan uses and related earnings as well. Another woman who had a husband addicted to alcohol was unable to enter this male gender-specific space, as her story discloses:

Case 6.2 Gendered market space

Ms. KL is in her late 30s. She is married and has 8 children. She joined ACSI credit and saving group in 1998 at the advent of ACSI in her *Kebele*. Initially, her husband applied for a loan, but his application was rejected by the credit committee because of his other debt to the service cooperatives. As a result, Ms. KL joined the programme to bring home a loan for the purchase of livestock for her household. Until this in-depth interview in 2005, Ms. KN borrowed loans from ACSI for about eight years for the purpose of a livestock-fattening enterprise. However, her loan was used in her household for various purposes, including buying livestock (including a cow, oxen, sheep and a donkey), to get back pawned land, settle previous debts, to pay for fertilizer and tax, to buy food, and to cover the costs of her children’s clothing and education. According to Ms. KN, her access to credit improved the well-being of her household members. She plays a significant role in the loan-funded livestock-fattening (household) enterprise. She also participates in loan use decision-making within the household, but she has little control over loan-related earnings. Her husband spends household income for his own personal consumption, such as alcoholic drink, food, and prostitutes in town. As a result, starting from her first loan, she wanted to monitor loan-related earnings by joining her husband in the livestock market. She feared that her husband might embezzle loan-funded earnings. Although her husband did not agree, she accompanied him to the market to sell the first loan-funded livestock. In the market, the husband did all the negotiations with the buyer, while she followed the process. She observed that her husband sold the loan-funded cow ETB 850 (with a gross profit of ETB 550) and he received ETB 710 from the buyer, with an agreement to collect the rest of the money in a week’s time. As per local custom, Ms KN’s husband, the buyer and other men, who witnessed the transaction process in the market, went to a local beer house for a drink, *finter*. Since it is not the norm for a woman to join men in such a public space, Ms. KN stayed outside the bar and waited for her husband. After he finished his drink, her husband went directly to a shop, where she followed him. She observed him buying a pair of shoes for himself. She then asked him to buy her a cloth in front of the shopkeeper, which he did not dare to refuse.

After a couple of days, she asked her husband whether he had collected the second instalment from the buyer or not. He then told her the date of the appointment with the shopkeeper. During the date of the appointment, Ms. KN went to town and collected ETB 100 from the trader before her husband collected it. Afterwards, she directly went to her sister in town, because she was not confident enough to confront her husband. The same day, her husband went to the trader to ask for the money, where he was told that his wife had already collected it. This caused a conflict between the couple. Finally, her relatives settled the dispute, but she had to give the money to her husband.

In the second year, Ms. KN wanted to join her husband to the market, to sell the loan-funded ox. Again her husband was unhappy, but she followed him anyway. However, he walked to the market using a different path in order to avoid other people, who might hear and observe his violent actions against his wife. On the way to the market, her husband was nagging and beating her so much that she returned back home. When they had almost reached the market, she could not bear the violence anymore and decided to return back home. Since then, she has never again tried to go to the livestock market. But she collects information about prices from other individuals (her sons and neighbours), who often join her husband in the livestock market. When describing the unequal power relations in her household, she desperately and furiously

said, “He is a man!”, “powerful!”, “we women talk a lot but we cannot win.”, “a woman never wins!”.

Ms. KN wanted to participate in the livestock market not just to challenge the gender norm, but mainly because she did not trust her husband, who embezzles household income for his personal needs, such as alcoholic drinks and prostitution. The issue of men’s behaviour, particularly addiction to alcohol, was also expressed by other women on both the ACSI and OMFI locations. Ms. KN tried to enter into the male’s traditional space, livestock marketing, like other women, but for her the cost was “unbearable”: violence. Her effort to attend the livestock marketing was in vain. Even her sister and other individuals, who were involved in the conflict resolution described in this case, did not support Ms. KN’s action, and their verdict was in favour of the man. This was because they were also socialized to think the way her husband did. As she desperately noted, she “lost” but he “won” the game!

c. Entrepreneurship skill

In-depth interviews on the OMFI location revealed that women’s entrepreneurial skills played an important role in enhancing women’s authority to influence loan use decisions within the household. Some women described that they influenced loan use decision-making within the household because they had better entrepreneurial skills than their husbands. The following statement by a long-time OMFI borrower (WD) illustrates the importance of women’s entrepreneurial competence in loan use decisions within the household:

“I am a good business woman, but he [her husband] is a farmer. He just farms. I am the one to decide [on loan use]... But I inform him [her husband] of what I plan to do with the loan money. He advises me to use it properly. This is because I work hard. He trusts me because I do not abuse the loan money. So when I manage the finances, he is not discontent. He knows that I do the right thing.”

Hence, it is possible that women’s business experience may play a role in loan allocation decisions within the household. Kabeer (2001) also found in Bangladesh that women with superior entrepreneurial skills influence loan use decision-making within households.

d. Male out-migration

In the OMFI study’s locations, it was found through the in-depth interviews that male out-migration in search of employment in cities to affect intra-household decision-making on loans and related income differently. The negative effect was observed at the initial stage of male migration, because the loan fund may be used by men to cover transportation and the costs of settlement in the area of destination. The following case indicates how male out-migration may contribute to women’s loss of control over a loan.

Case 6.3 A husband’s disappearance with the loan fund

Ms. SA is a young woman of only 22 years, and has two children. She is separated from her husband after he abandoned her in 2002. She joined the OMFI credit group initiated by her husband. She took her first loan (ETB 1000) from the loan office and she gave it to her husband. However, before the loan money was invested, her husband took the money and disappeared from the area, leaving her indebted. In order to repay her loan, she pawned part of her farm land, sold a heifer that was a gift from her father, and sold food crops. After settling her debt she left the credit group. Although it was three years since Ms. SA settled her loan, she did not get her land back until the time of this interview in 2005. Because of her borrowing, feeding her children became difficult for her. Her farm income declined because she pledged part of her fertile land to fulfil her loan repayment obligation. In addition, the income from her

other farm was inadequate for her family. It was cultivated through a sharecropping arrangement, since she did not use either adult male labour or a draught animal. In order to supplement her meagre farm income, she is engaged in mat-making, but has received hardly any assistance from her husband.

Ms. SA also told a similar story, of a friend who passed away some time ago. Given the high level of male out-migration among the Gurages in search of business opportunities and the relatively larger number of programme dropouts on the OMFI locations, it is more likely that male out-migration plays a role in limiting women's control over loan uses. Conversely, male out-migration seemed to strengthen women's control over loans and related earnings, when the husband was away from home while the woman took the loan. This was observed among some polygamous women, whose husbands had migrated to urban areas in search of employment and had married another wife and settled partially.

e. The nature of economic activity

Intra-household decision-making on earnings from the loan-funded enterprises was also affected by the nature of the loan-funded activity. In-depth interviews with ACSI and OMFI borrowers clearly demonstrated that women had full authority over the income generated from female traditional occupations, such as petty trading, food processing, and local brewing. This is partly because they control all the stages of the enterprise production process, including marketing the products. With regard to income from the LF livestock fattening, the result was clear from ACSI in-depth interview participants. In most cases, men and women on the ACSI location tend to make joint decisions, but on the OMFI location, the result is mixed.

f. MFI strategies

The strategies of the MFI institutions have mixed implications for intra-household decision-making on the uses of loans and LF enterprise income. The lending institutions provide credit to households through women, so that women participate in its allocation and associated decisions. According to some in-depth interview participants and focus group discussants, women influence loan-related household decisions mainly because they are the ones who brought the loan fund to the household. For example, one ACSI short-time borrower stated: "...because I borrowed the money, I have a part in the decision." When asked what would have happened if the loan was in her husband's name, she replied: "he [her husband] would decide by himself." Another OMFI borrower also said, "I borrowed the money, so it is my right to decide on how to invest it". Some group discussants on both locations stressed that if loans would be given to men, women would have little room to participate in loan allocation decisions or to access the money. Therefore, for some women, access to credit in their names had contributed to their bargaining power regarding loan-related decisions within the household.

6.4 Concluding remarks

The study's findings discussed in this chapter indicate that both the ACSI and OMFI female borrowers had a limited say in loan use decision-making within the household, but they did have significant authority regarding decisions on the uses of earnings from the LF enterprises, compared to their husbands. The fact that loans were given to women for a livestock-fattening (household) enterprise, which is traditionally a male domain of responsibility, men being the co-signatory for their wives' borrowing, and men's traditional responsibility as the head of the household might have contributed to men's greater authority over loan use decision-making within both the ACSI and OMFI borrowers'

households. Furthermore, women borrowers may be forced to allow their husbands to decide on the uses of the loan fund because their cooperation is required in the running of the enterprise. Nevertheless, the study suggests that men's influence on the uses of the loan fund does not necessarily imply that men always use loans for their own activities, or that it is against the women's preferences, as it is always assumed. This is partly because on both the ACSI and OMFI locations, loans were reported to be invested largely in the purpose approved by the MFI institutions, i.e. a livestock-fattening enterprise. In addition, except in a few cases, borrowers did not mention problems related to men's dominant role in loan use decision-making, as their decisions were perceived as being in the interest of the household as a whole. For some women, credit in their own name had facilitated their influence on the uses of the loan fund.

As already stated, both ACSI and OMFI women borrowers had a significant influence on the use of earnings derived from the newly established (and/or expanded) enterprises. ACSI borrowers had a significant authority over income from the LF household enterprises. Furthermore, OMFI borrowers had a similar level of influence over the use of earnings from the LF household enterprises with their husbands and they had considerable influence on the income derived from the LF off-farm enterprises. In addition, the patterns of decision-making in relation to LF enterprise income on the two locations vary systematically in some way. Among ACSI borrowers' households, decision-making on income from the LF household enterprises involved men's and women's "independent" and "joint" decision-making, while among OMFI borrowers, this decision-making was largely characterized by men's and women's "independent" decision-making authority. As mentioned in Chapter 4, on the ACSI location, household decision-making (such as on household property) is traditionally characterized by joint decision-making by couples, with a slight male dominance, while on the OMFI locations such decisions are traditionally made by men. However, the fact that 44 to 47 percent of the ACSI and OMFI women borrowers exercised a mostly independent decision-making over the income derived from LF household enterprises is suggestive of the contribution of microfinance to women's empowerment. It is also important to note that the OMFI' initial lending for female traditional occupations has contributed to women's authority over LF enterprise earnings. The study also found the importance of forms of marriage in determining intra-household decision-making. Women in polygamous relationships had a significant influence on the way in which loans and incomes from the loan-funded enterprises were used within the household.

The main policy implication of the study is that giving credit to a woman indeed improves women's decision-making power, particularly over income from the LF enterprises. But as this study showed, women may exercise limited control over the way in which the loan fund should be spent when a loan is extended for investment in men's traditional occupation, i.e. livestock fattening. Although women seemed not to worry so much about their husbands' dominance in loan use decision-making, it is important that programmes ensure women's participation in loan use decision-making within the household. If women exercise significant control over their loans, they may use part of their loans for independent income-generating activities, and also minimize the risks of loan misappropriation by men.

The study suggests that giving credit to women may contribute to the valuation of women's contribution within the household and may change existing gender stereotypes in economic activities, even when the loan is used for household-level or male traditional enterprises. It

is important to realize, however, that the same strategy may have a different impact in different socio-economic and cultural settings. This study has shown, for example, that giving credit to male-dominated enterprises may contribute little to women's empowerment on OMFI locations where men and women traditionally exercise control over separate economic spheres. Women in this area who started accessing credit for traditionally male livestock-related enterprises mainly served as a conduit to bring a loan to the household and scarcely played a role in any of the decision-making. Hence, further research is required in different cultural and socio-economic settings to gain a better understanding of how households organize decision-making on loans and related income, and to determine the impact of microfinance on women's empowerment.

CHAPTER 7 INTRA-HOUSEHOLD LABOUR ALLOCATION TO ENTERPRISES

7.1 Introduction

This chapter explores the organisation and the allocation of labour to the LF enterprises within ACSI and OMFI borrowers' households. The chapter focuses mainly on labour allocation to the LF enterprises within the household, while Chapter 8 will examine the potential effects of women's access to microfinance services on intra-household labour allocation (farming, domestic work, leisure). The chapter has three specific objectives. Firstly, it assesses the relative labour contributions of couples to the LF enterprises. Secondly, it investigates the factors determining intra-household labour allocation to the LF enterprises. It gives special consideration to the analysis of the gender- and age-based division of tasks in the LF enterprises, and assesses whether women's participation in microfinance programmes has affected the traditional gender division of labour in relation to the loan-funded enterprises. The chapter also gives special attention to the potential effects of HIV/AIDS (proxied by illness and death) on the intra-household labour allocation to LF enterprises.

As mentioned in Chapter 2, the focus of many empirical studies on microfinance and women's empowerment has been primarily on non-labour dimensions of decision-making, such as the use of loans and enterprise profits, enterprise management, household financial decisions, mobility, contraceptive use, etc. As a result, to date, there has been only a limited systematic and in-depth analysis regarding how households organize and allocate their labour force around loan-funded enterprises. Few studies have used women's labour contribution to the LF enterprises as a proxy indicator to assess other empowerment dimensions, such as control over loans (Goetz and Gupta, 1996) and accounting knowledge (Ackerly, 1995). According to these studies, women borrowers may significantly contribute their labour to loan-funded enterprises, but they may have little control over the product of their labour, due to their limited access to the market. Other studies have compared male and female loanees' labour supply to market-oriented activities within the household and found that the gender of the loanees may determine the degree of men's and women's labour supply in market-oriented activities within the household (Pitt and Khandker, 1996). The result showed that women's credit increases women's time spent in market-oriented activities, while it reduces men's time spent in market-oriented activities. The researchers interpreted the increase in women's time spent in market-oriented activities as an aspect of empowerment. They based this interpretation on the presumption that an increase in a woman's market-oriented activities has to be associated with the creation of self-employment opportunities for a woman who had limited access to non-programme (non-MFI) credit for income generation and wage employment opportunities compared to men.

In addition, no systematic research has been done so far regarding the determinants of the degree to which men and women allocate their labour to LF enterprises within microfinance clients' households. Studies have shown the prevalence of "gender segregation" in economic activities, which means that men and women borrowers engage in their respective traditional occupations (Hashemi et al., 1996; Goetz and Gupta, 1996; Kabeer, 2001). This may imply that when loans are used to finance female traditional occupations, women loanees may contribute more labour to loan-funded enterprises compared to men or the other way round. Others have examined how illness and death (also caused by the

HIV/AIDS pandemic) may reduce women loanees' time spent on loan-related activities within the household (Barnes et al., 2003; Barnes, 2002). In some cases, health problems obliged women loanees to leave microfinance programmes (Johnson, 2005).

This chapter is intended to provide a detailed insight into the organisation and distribution of household labour to LF enterprises within ACSI and OMFI borrowers' households. It compares couples' relative labour contributions to the LF enterprises, and analyzes detailed task divisions in relation to the LF enterprises. It also assesses the determinants of labour allocation to the LF enterprises. By making a comparative analysis, it attempts to provide insight into the importance of social norms and economic organisation for the way in which men and women allocate their labour to the LF enterprises. The chapter is based on two types of analysis: 1) a quantitative analysis on the basis of survey data, and 2) a qualitative analysis on the basis of the in-depth interviews and group discussions. The two methods of analysis are complementary and also have some differences in emphasis. The survey data are used to describe the patterns of intra-household labour allocation to the LF enterprises within ACSI and OMFI respondents' households. In addition, based on the survey, an econometric model is estimated to identify factors affecting intra-household-labour allocation to the LF livestock-fattening enterprise in relation to OMFI. ACSI is excluded from such an analysis because of the limited variation in intra-household labour allocation among its borrowers. Furthermore, I have not estimated an econometric model for intra-household labour allocation to the LF off-farm enterprises because of the small number of observations. The qualitative data analysis offers a more detailed account of intra-household labour allocation to the LF enterprises, with special emphasis on gender, age, and HIV/AIDS variables, and compares labour allocation to the LF enterprises between the two observations. Furthermore, the qualitative analysis is used to interpret the results of the survey analysis. This chapter contributes to the answering of the research questions related to labour allocation and its determinants, including research questions 2 to 6.

The remainder of this chapter is organized as follows. Section 7.2 deals with the theoretical framework and discusses the various variables used in the regression analysis. Section 7.3 presents the empirical findings. The first and the second subsections present the descriptive findings, followed by the result of the estimated model. Subsection 7.3.3 discusses the findings of the in-depth interviews and group discussions. This subsection provides a detailed description of the tasks and related division of tasks within the household. Furthermore, it discusses the way chronic sickness and death within microfinance clients' households may affect the intra-household labour allocation. Finally, section 7.4 summarizes the discussion and the key conclusion of the study.

7.2 Conceptual framework

The main dependent variable is *intra-household labour allocation to the loan-funded livestock-fattening (household) enterprises*. The variable shows a woman's relative labour contribution to the LF livestock-fattening (household) enterprises vis-à-vis her husband. Intra-household labour allocation in the LF off-farm enterprises is not used in the estimated models because of the limited number of respondents who used loans for such enterprises. The variable was constructed following the survey questionnaire, which asked the female survey respondent to indicate "the contribution of labour by household members, namely the man, the woman, the girls, the boys, and others (including hired labourers) to the LF livestock fattening⁶⁷". The female survey respondent was given four response choices to choose from, ranging from high to medium, little, and none. After comparing the degree of women's and men's labour contribution to the LF livestock-fattening enterprises, the variable *intra-household labour allocation to the loan-funded livestock-fattening (household) enterprises* was constructed. If neither of the spouses in a household contributed any labour to the enterprise, they were excluded from the comparison. If the contribution of the wife was lower than that of the husband, a value 1 was assigned; if the contribution of husband and wife were equal, a value 2 was given; and finally, if the contribution of the wife was higher than that of the husband, a value 3 was assigned. Greater value was attached to a woman's higher labour contribution to the LF enterprises compared to her husband, while small value was assigned to women's lower labour contribution compared to her husband. In this way, we constructed a rank-ordered variable that captures the relative labour contribution of men and women to the LF *livestock-fattening and off-farm economic enterprises*.

As already indicated in Chapter 4, the ACSI's and OMFI's credit in the studied areas has contributed to the expansion of individual and/or household economic portfolios. This has direct implications for the organization and distribution of labour to loan-funded enterprises within the household. The conceptual framework displayed in Figure 7.1 depicts the intra-household labour allocation as an outcome of interrelated factors at individual, household, and societal levels. Women's access to credit in their own name may contribute to the relative labour contribution of women to the loan-funded enterprises within the household, because loan-related activities may be considered women's responsibility. The relative labour contributions of men and women to the LF enterprises may also vary, depending on the individual life cycle course (age), demography factors (family size), the forms of marriage, and the burden of disease and death (also caused by HIV/AIDS) within the household. Furthermore, membership duration in the credit programme may also have an effect on the relative labour contribution of women to the LF enterprises, compared to men. The description of the explanatory variables is presented in Chapter 5. The definition, the measurement and the hypothesized relationship between the independent and explanatory variables are discussed below.

A woman's age (AGE) is used as a proxy indicator for life experiences and physical capability. The earlier stage of the household or the woman's life cycle may require women to spend more time doing child care activities than participating in the household production. This is based on the assumption that fairly young households are comprised of young couples who have younger children than older households. The second assumption is that older women may have more work and life experiences compared to younger women,

⁶⁷The same question was asked in relation to the LF off-farm economic enterprises.

and as a result, they may contribute more labour to the household production. Old age may also imply physical deterioration and a limited capacity to work. However, given the possibility of an age gap between husband and wife⁶⁸, in old couple households, a woman may be relatively younger and more capable of carrying out physically demanding activities compared to her husband. In young couple households, on the other hand, both men and women are likely to be physically capable but because of the possibilities of young children in such a household, a woman may be occupied with child care responsibilities and may contribute less to the household production. Various studies have shown that the presence of young children within the household reduces women's participation in farm activities (Tu, 2002) or in income-generating activities (Cain et al., 1982). This could be in part because taking care of young children may reduce young women's labour availability for economic activities. Hence, we hypothesize that a woman's labour contribution to the LF livestock-fattening enterprises is expected to rise with her age within the household. The AGE data were collected in interval. A significant positive association was expected between a *woman's age* and her labour contribution to the LF livestock-fattening enterprises.

Membership duration (DUR) refers to the number of years since a woman became a member of a credit group and accessed credit. It is designed to capture women's exposure to and experience in the credit programme. Studies have shown a positive association between women's membership duration in credit programmes and women's empowerment (Goetz and Gupta, 1996; Hashemi et al., 1996). However, the link between women's membership duration in a credit programme and their relative labour contribution to loan-funded enterprises is still not clear. Nevertheless, we hypothesize a positive association, because a woman with more years in the credit programme may be empowered enough to control the overall loan-related production processes, including labour. In order to confirm the hypothesis, the outcome of this variable will be interpreted in relation to the previous chapter and the in-depth interviews. The variable DUR was collected in years. A positive and significant association was expected between a woman's *membership duration* and her relative labour contribution to the LF livestock-fattening enterprises.

The form of marriage (MAR) is hypothesized to affect couples' relative labour contribution to the LF livestock-fattening enterprises. Married women are not a homogenous group. They can be grouped into two broad categories on the basis of the form of marriage, i.e., monogamy and polygamy⁶⁹. Married women in different conjugal relations may also have different rights and obligations within the household (Warner et al., 1997). Women in polygamous households are primarily responsible for their own and their children's maintenance, with little support from their husbands (Kandiyoti, 1988, Mayoux, 2001a). Women in a polygamous relationship are often expected to assume more economic roles to maintain their household, partly because resources owned by husbands are more likely to be shared among co-wives (Rahemeto, 1990), or they may have been abandoned by their husbands (Mandel, 2004). Hence, we assume that women in polygamous households get less assistance from their husbands in the LF livestock-fattening enterprise compared to women in monogamous households. The variable MAR is measured in a dummy variable,

⁶⁸ The Ethiopian demographic and health survey has shown that in married couple's households a wife is more likely to be younger than her husband (CSA and ORC Macro, 2000).

⁶⁹ Although a distinction can be made between senior and junior wives in polygamous households, this is not considered for the model because the proportion of women in polygamous households was small and cannot be further divided into two. However, in-depth interviews did take such variations into consideration.

in which 1 indicates polygamy and 0 indicates monogamy. A significant and positive coefficient was expected.

Household size (HSZ) refers to the total number of people living in a household, including men, women, children, and other individuals. In agrarian economies, household labour allocation patterns depend largely on the availability of farm labour within the household. Household members are an important source of labour in smallholding farming, and larger families are more likely to provide more of the labour necessary for agricultural activities than small families per unit of output (Tesema, 2006). The household size may determine the way in which women allocate labour between domestic and farm activities in two ways. Firstly, large families can mobilize more labour for agricultural activities (LF livestock fattening) than small families. Large families may be in a better position to mobilize labour for fattening a relatively large number of livestock intensively, compared to small families. Secondly, a large family size may imply more domestic activities (more cooking) for women than for men. Hence, a larger family means more hands to work and more mouths to feed. This may suggest that a woman contributes less labour to the LF livestock-fattening enterprise because she engages in more domestic activities. The variable household size is constructed in interval. A negative significant association was expected between a large family size and women's relative labour contribution to the LF livestock-fattening enterprise within the household.

Chronic illness (ILL) refers to serious sickness experienced by a borrower's household within a year at the time of the survey. We hypothesize that serious sickness in the household may affect the individual labour contribution to the LF livestock-fattening enterprise. Various studies in the developing countries have shown that adult illness in the rural areas affects the household labour allocation in economic activities (Ahmed, 2005; Barnett and Whiteside, 2002; Ilahi, 2001; Rugalema, 1999). In the context of HIV/AIDS, evidence suggests an inverse relationship between women's participation in productive activities and domestic work (Barnett and Whiteside, 2002; FAO/IP, 2002; Rugalema, 1999). This means that the existence of an AIDS patient within the household is likely to oblige women to withdraw labour from productive activities, in order to take care of sick individuals within the household. Evidence has indicated that female microfinance clients are likely to give little attention to their loan-funded enterprises in order to take care of an AIDS patient within the household (Barnes et al., 2003; Barnes, 2002), and in some cases women give up their credit group membership due to illness within the household (Johnson, 2005; Parker et al., 2000). The variable illness is a dummy variable (the value 1 represents the household experiencing serious illness and 0 represents otherwise). Because the survey data on sickness were neither disaggregated by gender nor by age, two alternative scenarios are hypothesized. Firstly, the coefficient may be significant and negative if a woman could not work because she was either sick or spent more time taking care of a non-adult sick person within the household. Secondly, the coefficient may be significant and positive if a woman contributes more labour to the LF livestock enterprises because her husband was sick and unable to work.

In addition, as indicated in the figure, the wider institutional context, including the local gender divisions, socio-economic settings, and the MFIs' strategies may play a significant role in determining intra-household labour allocation to the LF enterprises. For example, in many traditional societies, gender and age influence the way in which households allocate their members' labour among various economic activities.

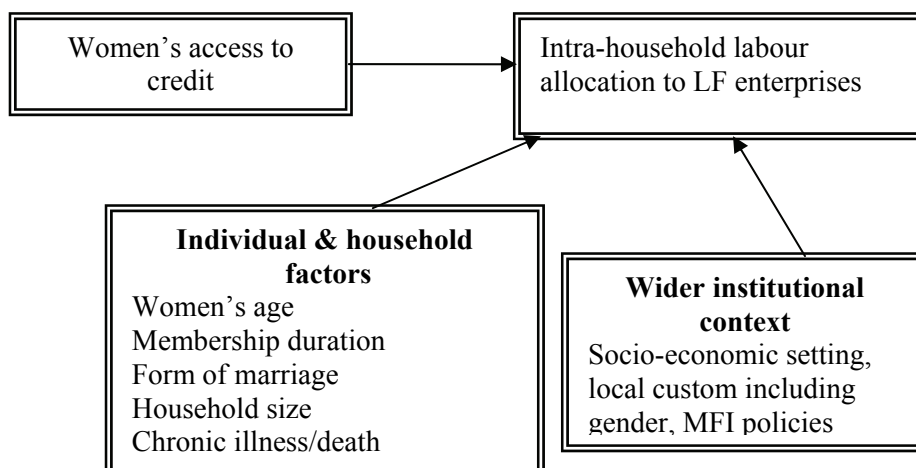


Figure 7. 1 The conceptual framework for labour allocation.

The model

The Ordered Probit Regression Model was used to analyze the data, since the dependent variable is ordered and takes three discrete values. A model was designed to identify the possible factors affecting the relative labour contributions of couples to the LF livestock-fattening enterprises for the OMFI observation. It is important to note that couples' relative labour contribution to the LF off-farm enterprises was excluded from such an analysis because of the limited number of observations. In addition, ACSI was excluded from this estimation because of the limited difference in labour allocation among the observations. Thus, the following model was designed for intra-household labour allocation in relation to the LF household enterprise for the OMFI observation only.

$$OLC = (AGE, MDR, MAR, HSZ, ILL)$$

Where

OLC = represents the intra-household labour allocation to the LF livestock-fattening enterprises for the OMFI observation;

AGE = the age of the respondent;

DUR= the number of years that the respondent was a member of a credit group and accessed credit;

MAR= the form of marriage in which the respondent is involved;

HHS = the number of individuals who resided within a respondent's household as a member of the household;

ILL= the presence or absence of any individual who was sick within a year until the time of the survey.

7.3 Empirical results and discussions

7.3.1 Descriptive statistics

a. Intra-household labour allocation to the LF livestock-fattening (household) enterprises

Table 7.1 presents the relative labour contribution of couples to the LF livestock-fattening (household) enterprises.

Table 7. 1 Frequencies & percentage of couples' relative labour contribution to the LF livestock fattening enterprise.

	ACSI		OMFI	
	Frequency	%	Frequency	%
More by men	1	1	21	40
Equal for men and women	4	5	3	6
More by women	78	94	29	55
Total	83	100	53	101

Source: Survey 2004.

Note: there is a significant difference (1%) between ACSI and OMFI borrowers (Kolmogrov-Smirnov Test).

Percentage may not add up to exactly 100% due to rounding.

As indicated in the table above, an overwhelming majority (94%) of ACSI borrowers contributed more labour to the LF livestock-fattening enterprises compared to their husbands (1%). It was only in 5 percent of the cases that men and women had an equal level of labour contribution to the LF livestock-fattening enterprises. This suggests that on the ACSI location, women contributed more labour to LF livestock enterprises compared to men. There are three plausible and complementary factors that may explain the reason for the increased labour contribution of women in LF livestock enterprises on this location. Firstly, women on the ACSI location are mostly available around the homestead, where livestock is stall-fed⁷⁰, compared to men, who spend most of their time away from the homestead, either working on the household farm or attending public affairs or engaging in leisure-related activities. Secondly, most of the routine activities involved in intensive livestock fattening in the area, such as preparing homemade feeds, water fetching, and cleaning barren are traditionally done by women (and girls). Finally, the significant labour input by (women) ACSI borrowers may also be explained in terms of the ACSI's insistence that women should play an active role in the loan-funded enterprises. As the in-depth interview with ACSI staff members revealed, the main reason for targeting women is to promote women's economic role within the household.

On OMFI locations, slightly more than half (55%) of female OMFI borrowers had a greater labour contribution to the LF livestock-fattening enterprises; in about 40 percent of the households, the labour contribution of husbands and wives was similar. In about 5 percent of the cases, men and women had a similar level of labour contribution to the LF livestock-fattening enterprises. Although the difference between men's and women's degree of labour contribution among OMFI borrowers was not as wide as observed with the ACSI, women still appeared to contribute more labour to the LF livestock-fattening enterprises. This could be partly due to women's traditional responsibility for the routine tasks involved in livestock fattening, including fetching water, cleaning barren, and collecting animal dung. In addition, mobility patterns such as male out-migration and polygamous marriage may explain women's significant labour contribution to the LF livestock-fattening enterprises.

The Kolmogrov-Smirnov Test shows that there is a significant difference between the ACSI and OMFI observations in terms of the relative labour contribution of men and women to the LF livestock-fattening enterprise. This difference may largely arise from the differences between the two studied communities in terms of the economic importance of

⁷⁰ Men often spend more time on the field, which is located away from the backyard, and in the public sphere and in recreational areas.

livestock, local gender norms, mobility patterns, and MFIs' strategies. Firstly, although in both the Amhara and the Gurage communities livestock is an integral part of the mixed farming economic system, it has a relatively greater economic importance as a source of cash earnings in the former. Secondly, on the Amhara location, livestock fattening is a labour-intensive undertaking, which involves a great deal of "traditional" female labour, compared to the Gurage locations. Thirdly, Gurage women are relatively more mobile than Amhara women because of their market engagement, and as a result, they may contribute less labour to the LF livestock-fattening enterprises compared to the Amhara women. Finally, the ACSI's supervision and follow-up activities, which are carried out during the monthly centre meeting, may also promote and mobilize women's labour for the loan-funded livestock-fattening enterprises. The detailed labour allocation among ACSI and OMFI borrowers' households will be discussed in subsection 7.3.3.

b. Intra-household labour allocation to the LF off-farm enterprises

Table 7.2 displays couples' relative labour contributions to the LF off-farm economic enterprises mainly for the OMFI observation. The ACSI observation is not included in this analysis because in the survey, only three borrowers reported that they used part of their loans for off-farm economic activities.

Table 7. 2 Frequencies and percentage of OMFI respondents by couples' labour contribution to the LF off-farm enterprises.

	OMFI	
	Frequency	%
More by men	4	10
Equal for men and women	-	0
More by women	17	81
Total	21	100

Source: Survey 2004.

As the table shows, over 80 percent of OMFI borrowers had a greater labour contribution to the LF off-farm enterprises compared to that of men. In less than a fifth (19%) of the cases, men had contributed more labour to LF off-farm enterprises compared to their borrowing wives' contribution. This is plausible given the OMFI's initial focus on women business operators for its lending, and Gurage women's long-standing history in petty trading activities. This labour allocation pattern may also suggest that most LF off-farm enterprises belong to women.

7.3.2 The empirical model

Table 7.3 displays the results of the ordered Probit regression analysis, which aims at explaining the relative labour contributions of husbands and wives. The model is only significant at the 5 percent level with an R^2 of 0.1253. The low level of significance of the model and the R^2 might be due to the small number of observations. For these reasons, we do not consider conventional levels of significance, but instead 15 and 20 percent. The model may not be enough to explain variations in couples' labour contributions to the LF livestock fattening, due to unobserved individual and household characteristics that may influence intra-household labour allocation behaviour. Hence, these gaps are partly addressed through the in-depth interviews and the group discussions that follow the regression outcomes below.

Table 7. 3 The results of the regression analysis for the OMFI labour allocation.

Explanatory variable	Coefficient (Sd Dev)*
Woman's age	.37(.24) ^b
Membership duration	.17 (11) ^b
Forms of marriage	.83 (.42) ^a
Household size	-.34 (.29)
Chronic sickness	-.28 (.44)
Number of observations	53
LR chi2(5)	11.42
Prob > chi2	0.0437
Pseudo R2	0.1253
Log likelihood	-39.834796

Note= * standard deviations are in parenthesis a: significant at 5%, b: significant at 15%.

Women's age (AGE) has a significant ($p < .15$) and positive effect on women's relative labour contribution to the LF livestock-fattening enterprises. This entails that, with an increase in a woman's age, it is more likely that a woman contributes more labour to the LF livestock-fattening enterprises compared to her husband.

Membership duration (DUR) has a significant ($p < .15$) positive effect on the relative labour contribution of women to the LF livestock-fattening enterprise. This suggests that a woman's labour contribution to the LF livestock-fattening enterprises increases with a rise in a woman's membership duration in the credit group/programme. This is because a lengthier duration of participation in a credit programme/group may improve a woman's ownership of the enterprises and control over the overall enterprise production process. This should be interpreted in relation to the findings in Chapter 6, which suggested a positive association between membership duration in the credit programme and women's control over income from the LF livestock-fattening enterprises.

Form of marriage (MAR) has a significant ($p < .05$) positive effect on couples' relative labour contribution to the LF livestock-fattening enterprises. This means that women in polygamous relationships are more likely to contribute more labour to the LF livestock-fattening enterprises within the household, compared to women in monogamous households. This is in line with the initial hypothesis, which suggested that women in polygamous households are likely to be more responsible for the survival of their families and, as a result, contribute more labour to the LF livestock-fattening enterprises within the household. In addition, the irregular presence of men in such households may increase women's responsibility for the LF livestock-fattening enterprises. In such households, men's labour contribution may vary, depending on the residential arrangements and the position of their wives, which will be discussed in section 7.3.3.

The variable *household size* (HHS) has no significant effect on the relative labour contribution of couples to the LF livestock-fattening enterprises within the household. The sign of the coefficient suggests a possible negative association between a large household size and women's relative labour contribution to the LF livestock-fattening enterprise compared to men. The availability of labour in the form of assistance from children (particularly females), dependent and hired labourers in large families⁷¹ may imply less

⁷¹ In the area, some households hire boys to work on agricultural activities but they also regard them as household members, since such boys share the residence, meals, work, and other aspects of social life with the household members.

labour to the LF livestock-fattening enterprise by women compared to her husband. The other reason for the negative association between the variable *household size* and women's relative labour contribution to the LF livestock-fattening enterprise could be related to women's increased time spent in domestic activities because of large family size.

Chronic Illness (ILL) has no significant effect on couples' labour contribution to the LF livestock-fattening enterprises. However, the coefficient sign is negative, and it may suggest that borrowers who experience chronic illness within their households may reduce their labour contribution to the LF livestock-fattening enterprises compared to women who did not experience chronic illness within their households. This could be due to a burden of disease, or women's traditional care-giving responsibility when non-adult household members fall sick.

In summary, the result of the regression analysis shows that women's age, women's membership duration in the credit programme, and the forms of marriage may determine the relative labour contributions of couples to the LF livestock-fattening enterprises within OMFI borrowers' households.

In the subsequent subsection, the results from the in-depth interviews and the group discussions are discussed in more detail.

7.3.3 The results from the in-depth interviews and focus group discussions

This subsection discusses the qualitative data about intra-household labour allocation in relation to the two types of LF enterprises, i.e. livestock fattening and off-farm economic activities. It particularly sets forth detailed task descriptions involved in these enterprises, and analyzes the roles played by different household members. It examines the relative workload of men and women, and assesses whether women's access to credit has changed the traditional division of tasks in relation to the LF enterprises. The similarities and the differences between the ACSI and OMFI borrowers' households in terms of the organization and allocation of household labour to the LF enterprises are highlighted. Furthermore, based on a few cases of borrowers who experienced chronic illness and deaths within their households, this subsection examines the possible effects of the HIV/AIDS pandemic on the intra-household labour allocation to the LF enterprises within ACSI and OMFI clients' households.

a. Intra-household labour allocation to the LF livestock-fattening enterprise

Livestock fattening involves a range of activities, including tending, collecting fodder, fetching water, watering, preparing homemade feeds, feeding, collecting dung, cleaning the barn, bathing the oxen, vaccination, marketing, supervision, and management (Table 7.4. and Table 7.5.). These activities are carried out to different extents, depending on the importance of livestock in the household and societal economies. In the studied areas, livestock-fattening activities can be broadly categorized into three major phases. During the first phase, the loan-funded livestock (often oxen) is used for farming and does not get any special treatment. During the dry months (April and May), crop residues and natural pastures provide the major sources of animal feed, while during the wet months (July and August), communal pasture and farmlands provide sources of livestock feed. During the second phase, the loan-funded livestock is partly confined to the homestead⁷² and is fed

⁷² It is common that livestock and humans share the same house but stay in different compartments.

with grasses, weeds, *enset* and maize leaves⁷³, and the like. The third period involves an intensive livestock fattening where the loan-funded livestock is stall-fed and regularly gets different kinds of feeds, including factory by-products (such as oil cakes), crop residues, grass, *enset* and maize leaves, and homemade feeds (*Kita* and dreg). Intensive livestock fattening involves feeding and watering the livestock on average three to five times a day, and cleaning the animal barn everyday or every other day.

In the studied areas, livestock-fattening tasks are allocated to different household members across gender (also age) lines, and broadly grouped into “shared” tasks and “gender-specific” tasks. A “shared” or “gender-neutral” task refers to a task that is undertaken by different household members, regardless of age and gender differences. A “gender-specific” task refers to a task that is exclusively assigned to a specific gender group, either female or male. Tasks in these categories are rigidly defined, and as a result, it is unlikely for individuals to assume tasks assigned to the opposite gender. In the studied areas, women’s “gender-specific” tasks in livestock fattening have three key characteristics: they are mostly located around the homestead, and they are routine and low-status jobs. Men’s “gender-specific” tasks, on the other hand, have contrasting characteristics: they are mostly located in the public sphere, and they are less of a routine and high-profile (managerial) task.

The ACSI location

Table 7.4 presents the patterns of task division in the LF livestock-fattening enterprise among ACSI borrowers’ households. As shown in the table, all household members⁷⁴ are involved in the activities of livestock fattening, with some variation across age and gender lines. All household members look after livestock, collect weeds (fodder), fetch water, and feed and water livestock. Yet, women contributed relatively more labour to some of the “shared” tasks, especially to fetching water, and watering and feeding livestock, compared to other household members. This is partly because, traditionally, women and girls are responsible for water fetching within the household, while men and grown-up boys assist when there is a shortage of “female” labour due to illness and maternity, and also depending on the availability of donkeys for water transportation. Women also contributed more labour compared to other household members (including men) to feeding and watering the animals, particularly during the intensive livestock-fattening phase, due to their limited mobility. Amhara women spend more time around the homestead, where the loan-funded animal is fully or partially confined. Men, on the other hand, spend little daytime at the homestead because most farmlands are located some distance away from it. Coupled with men’s role in community affairs and leisure activities, men are less likely to spend more time at the homestead (especially in the daytime) to carry out activities related to the LF livestock-fattening enterprise.

⁷³ Enset and maize are mainly available in OMFI locations.

⁷⁴ This refers to individuals who are capable of engaging in some work.

Table 7. 4 The ACSI households' task division in the livestock-fattening enterprise.

List of tasks	household member degree of engagement*			
	Husband	Wife	Boy	Girl
Tending livestock	√	√	√√	√
Cutting and collecting fodder	√√	√	√	√
Baking animal feed	-	√√	-	√
Local brewing	-	√√	-	√
Feeding – involves mixing feeds	√	√√	√	√
Water fetching	√	√√	√	√√
Watering	√	√√	√	√
Dung collection & cleaning barren	-	√√	-	√
Washing the animal	√	-	-	-
Marketing	√√	√	-	-
Vaccination	√	-	-	-
Management of livestock	√	-	-	-

Source: Compiled from in-depth interviews 2005.

Note * √√ denotes more work; √ refers to some contribution and infrequent work.

Gender-specific tasks: both men and women in ACSI borrowers' households carry out tasks that are socially "appropriate" for their respective gender. Women and girls were exclusively responsible for collecting animal dung, cleaning the animal barn, and preparing homemade feeds (baking *kita*⁷⁵ and local brewing⁷⁶). These activities are labelled as *yeset sira*, which literally means "female task". With regard to such activities, a woman traditionally hardly demands or even expects assistance from her husband and boys, because of the strong association of the chores with being "female". When a long-time ACSI borrower was asked whether her husband assists her in animal dung collection, she replied, "how can a man clean dung? That is for a woman! It is shameful in our culture"! The tone of her response as well as its content conveyed a very strong message that such a job is strictly for women, not for men. Cleaning the animal barn is one of the dirtiest, inferior, and routine activities of the livestock-fattening enterprise. On the ACSI location, animal sheds are cleaned every day (sometimes twice a day) throughout the fattening period. This is not only to protect the health of the livestock, but also that of human beings, who in some cases share a house with the livestock. Women and girls collect, bake, dry, and store animal dung for the household energy supply, and to generate petty cash income.

On the ACSI location, women play a vital role in the preparation of animal feeds, particularly during the intensive livestock-fattening period, regardless of the length of their membership duration in the credit programme. During such a period, women (assisted by girls) prepare homemade supplementary animal feeds. They bake *kita* almost on a daily basis, and brew local drinks (*areke*) every week or fortnight, to provide the dreg or the sediments (*atela*) to the loan-funded livestock. The in-depth interviews revealed that in three cases (out of 12), sons and male hired labourers were involved in female tasks, mainly *kita* baking. In the first case, boys assisted their sister in baking animal feed since their mothers were not capable to do such a job because of a health problem. In the second case, the household was a relatively better-off household that could afford to mobilize hired

⁷⁵ *Kita* is a home-made supplementary feed prepared by women. It is baked from maize and sorghum flour.

⁷⁶ Women brew local alcohol in relation to the LF livestock-fattening enterprises. They sell the alcohol to generate cash income for monthly compulsory savings and provide the by-product or dreg (*atela*) for animal feed.

labourers for agricultural activities. In the third case, boys assisted their mother in baking animal feed because their mother was too busy with domestic activities because of the large size of the family. In all of these cases, the contribution of males to this traditional female activity was an irregular incidence that emerged out of necessity during critical times.

On the ACSI location, men's "gender-specific" tasks include mowing grass, vaccination, bathing livestock, buying manufactured feeds (oil cakes), marketing livestock, and the supervision and management of livestock. Men mobilize household labour (including women's labour) for livestock-fattening work, supervise whether the livestock gets enough feed and water, and regularly monitor its weight. As one ACSI borrower put it, "the man is the manager of the animal". Men are also responsible for the handling of livestock-related issues in the public sphere, including the purchase of feeds, vaccination, and marketing livestock. Most of these activities (washing animals, vaccination, buying animal feed, and marketing animals) are non-routine activities, which are performed a few times (or some activities may not even be carried out at all) throughout the livestock-fattening period. Women only assume a management role in the livestock-fattening enterprise in the absence of men, or when men are unable to assume these roles due to health problems, old age, or a lack of interest.

Livestock marketing is one of the important gender-specific tasks for men. It is one of the strategic tasks in the livestock-fattening enterprise, which involves financial decisions: the buying and selling of livestock. Although involvement in the livestock market creates an opportunity for women to experience the public sphere, to acquire marketing skills, monitor loan uses, and gain control over associated earnings, they were unable to do so for several reasons. These included cultural constraints, male dominance, lack of interest, and lack of negotiation skills. The survey findings (Appendix 7.1), the in-depth interviews, and the group discussions revealed that men played a considerable role in livestock marketing. However, because of their access to credit in their names, a small group of women (a fifth) began to participate in livestock marketing, partly because they did not trust their husbands. As Case 6.2 in the previous chapter showed, penetrating this gendered space was not easy for women due to male dominance.

Analysis of the work burden and associated benefits

During in-depth interviews, men and women were consulted to evaluate their relative work burdens in relation to the LF livestock-fattening enterprises. All the long-time ACSI borrowers and spouses who were interviewed in-depth ubiquitously stressed that women had a greater work burden in the LF livestock-fattening enterprises than men. As shown earlier, this could be partly influenced by the social norm, which ascribes the most routine livestock-fattening tasks to women. In addition, women take on more work even in the gender-neutral tasks, partly due to their limited mobility compared to men, and also when their husbands are unable to work because of a health problem or old age. They were close to home and therefore available to look after the LF livestock. It is also plausible to suggest that women undertake more work in the LF livestock enterprises because they took the loan in their name, and as a result, they want to maintain their social and institutional reputation by working hard. Short-time borrowers did not emphasise their work burden, which could be due to their relatively small investment in the LF livestock-fattening enterprises, the few times they took a loan.

In the previous chapter, it was discussed that the majority (75%) of the ACSI borrowers had significant authority over the uses of income from the LF livestock-fattening enterprises.

In-depth interviews also showed that women contribute a significant amount of labour to the loan-funded livestock-fattening enterprises and also exercise at least “joint” decision-making power over income derived from the same source. However, a fourth of the ACSI borrowers had little control over the income from the LF enterprises, although they may have made a significant labour contribution to the LF enterprise.

The OMFI locations

Table 7.5 presents the patterns of task division of the LF livestock-fattening enterprises among OMFI borrowers’ households. As presented in the table, similar to the ACSI borrowers, livestock fattening involves tending livestock, mowing fodder⁷⁷, fetching water, feeding, collecting animal dung and cleaning the barn, bathing the animal, livestock marketing, supervision and management. Similar to the Amhara location, on the Gurage locations livestock fattening involves both “shared” and “gender-specific” tasks. Activities such as tending, watering, and feeding loan-funded animals are “shared” tasks, which are mostly carried out by all capable household members, with some difference in the degree of individual engagement across gender and age lines. Except for water fetching, men and boys carry out most of the “shared” tasks, including cutting and collecting fodder, tending livestock, and watering and feeding the animals. Children look after livestock starting at an age as young as five. The broader traditional gender division of labour in the studied areas may largely explain the gender difference in the “shared” tasks: agriculture is seen as men’s sphere and domestic chores and, partly, trading as women’s domains. Men, boys, and hired male labourers carry out most of the “shared” tasks, while women are largely responsible for fetching water, as it falls within their domestic work domain. In addition, the organization of the local economies including the farming system and trading activities tend to shape the relative labour contribution of couples to the “shared” task. It was described in Chapter 4 that Gurage men carry out agricultural activities near the homestead, where the home gardens and other farmlands are located, while their wives are often away from the homestead to engage in market activities outside their villages. Because men spend most of their time within the compound, they are strategically located to do most of the “shared” tasks. In-depth interviews revealed that women traders tend to assume fewer roles in the “shared” tasks compared to non-traders. On the other hand, the level of labour contribution to the LF livestock fattening also varies, depending on the regular presence or absence of men within the household. When men are away from the homestead, women often take on much of the responsibilities of the “shared” tasks. In other words, women tend to assume more roles related to the “shared” tasks if their husbands are away from home for some reason. Particularly women in a polygamous union appeared to assume more responsibility in the “shared” tasks if their husbands lived with other co-wives in other areas. Again, similar to the ACSI location, the availability of men and women around the homestead is an important factor that determines the relative labour contributions of men and women to the LF livestock-fattening enterprises.

⁷⁷ On the OMFI location, maize and *enset* provide major sources of animal fodder.

Table 7. 5 The OMFI households' task division in the livestock-fattening enterprise.

List of tasks	Degree of engagement*			
	Husband	Wife	Boy	Girl
Tending livestock	√√	√	√√	√
Cutting and collecting fodder	√√	√	√√	-
Water fetching	√	√√	√	√√
Watering	√√	√	√√	√
Local brewing	-	√		
Feeding	√√	√	√	√
Cleaning barren and dung collection	-	√√	-	√
Washing the animal	√√		√	-
Vaccination	√	-	-	-
Marketing	√√	√	-	-
Management of livestock	√√	√	-	-

Source: In-depth Interviews 2005.

Note *: √√ denotes more work; √ refers to some contribution and infrequent work.

Gender-specific roles: similar to the Amhara location, some activities in livestock fattening are rigidly defined across gender and age lines. Females are exclusively responsible for dung collection and cleaning the animal barn, and in a few cases process local alcohol to provide the by-product or the dreg (*atela*) to the loan-funded livestock. Women collect dung on a daily basis and clean the animal barn on average every two days. A few women process local drinks to provide the by-product to the livestock, while at the same time generating petty cash income from the sale of the alcohol. In general, women on the OMFI locations are not expected to prepare special homemade feeds for the livestock, unlike women on the ACSI location. This could be partly because livestock fattening is less intensive, and may partly be due to the availability of maize and perennial crops such as *enset*, which provides a vital source of animal feeds in the area.

Men and grown-up boys are in charge of cutting fodder and washing the livestock, while marketing the livestock, vaccination, and the overall management of the loan-funded animals is the sole responsibility of the husband, unless the household is polygamous. Senior wives in a polygamous marriage may undertake these activities, assisted by sons or relatives, when their husbands mostly live with other co-wives in other areas.

Similarly to the ACSI borrowers, the survey findings, the in-depth interviews, and the focus group discussion in the OMFI location have demonstrated that women had a limited involvement in livestock marketing. However, women in a polygamous union, particularly if their husbands live in far-away places with other co-wives, often go to the market to buy and sell loan-funded livestock. Such women get assistance from elder sons or male relatives, who escort the livestock to and from the market, and negotiate prices on their behalf. The women get consulted in the price negotiation process and handle the finances in the market. This may imply that women's participation in livestock marketing partly arises from the absence of men, who will not perform the work. Similar to the ACSI location, group discussants in OMFI locations identified some of the key reasons for women's limited participation in livestock marketing. These included cultural constraints, a lack of trust in men, women's lack of interest, and men's responsibility for the loan repayment. Men's dominance was not mentioned as a possible reason by group members, but it was noted that men do not want their wives to accompany them to the livestock market, in order to avoid any "shame" and "humiliation" associated with women's involvement in the livestock market.

Analysis of the work distribution: unlike on the ACSI location, on the OMFI location, the livestock-fattening enterprise was not very intensive and both men and women often saw the activity very lightly. As stated earlier, men's and women's relative labour contribution to the LF livestock-fattening enterprises tend to vary, depending on their availability around the homestead. Men seem to assume more work in the LF livestock-fattening enterprise when they spend more time around the homestead doing farm work, and when their wives participate in other loan-related market activities.

The relative labour contribution of men and women in polygamous households was complex to capture from the in-depth interviews, in part because the few polygamous women included in the in-depth interviews had variable characteristics. This makes any conclusion difficult. Generally speaking, in polygamous households, the relative labour contribution of couples to livestock-fattening enterprises seemed to depend on the residential arrangements. A polygamous woman is unlikely to get support from her husband if he spends most of his time, days or months with another co-wife (or co-wives) in other localities. Some senior wives in polygamous households are *de facto* household heads, in the sense that their husband contributed little to the well-being of the women and her children.

The in-depth interviews did not reveal a clear pattern regarding the relation between women's decision-making over income from the LF livestock-fattening enterprise and their labour contribution to the LF livestock enterprise. Yet, it was evident that short-time borrowers had little influence on income from the LF livestock-fattening enterprises, even if they contributed labour to the enterprises. However, most of the long-time or repeated borrowers seemed to have at least an equal say over the fruit of their labour.

Regional comparison

As discussed above, in both the studied communities, livestock fattening is a joint household business to which all capable household members contribute their labour. In addition, in both societies livestock fattening involves "gender-specific" and "shared" tasks. Both the ACSI and OMFI borrowers were in charge of tasks that are inferior and routine, while their husbands were responsible for tasks that are managerial and public. Women had a limited involvement in livestock marketing, due in part to cultural constraints that shape attitudes about the socially "appropriate" gender space for men and women.

In the two societies, couples' relative labour contribution to LF livestock-fattening enterprises appeared to vary for two complementary reasons. Firstly, in-depth interviews revealed that the female ACSI borrowers were mostly responsible for the routine "gender-neutral" or "shared" tasks, and as a result, they had a heavier work burden compared to their husbands. On the OMFI location, on the other hand, men were largely responsible for carrying out these activities. The difference can be explained in terms of the difference between the two communities regarding the importance of livestock in the cash economy, men's and women's mobility patterns, and the broader gender division of labour in the two studied communities. As stated before, because the female ACSI borrowers spend most of their time around the homestead, they assume more responsibilities in livestock fattening, while the contribution of the female OMFI borrowers in livestock-fattening enterprises seemed to vary depending on their involvement in other loan-funded enterprises. Hence, the extent of individual involvement in the "shared" tasks was largely determined by the availability of men and women close to the homestead. Furthermore, a livestock-fattening enterprise on the Amhara location was an intensive venture, which required the preparation of various feeds by women, while on the Gurage locations, such practice were very limited.

The ACSI and OMFI borrowers showed a slight difference with regard to their authority over the fruit of their labour. Regardless of their membership duration with the credit programme, the ACSI borrowers tend to be rewarded for their significant labour contribution in the LF livestock-fattening enterprise, while among OMFI borrowers, this was not clearly evident from the in-depth interviews.

b. Intra-household labour allocation to the LF off-farm enterprises

As described in Chapter 4, the economy of the OMFI location (the Gurage area) is dominated by trade and commerce. The female OMFI borrowers were involved in various economic activities to generate income, including trading in agricultural products, local brewing, food processing (*injera*), *enset* processing, and mat weaving (*jiba*). The following paragraph discusses the organization and the allocation of labour in relation to women's off-farm LF economic activities, by presenting three individual cases (two with regard to the OMFI and regarding the ACSI).

Case 7.1 Labour allocation in diversified LF economic activities

Ms. WT is in her early 30s. She is married and has four daughters (13, 10, 7, and 3 years old). At the time of the study, she is pregnant with her 5th child. Before she joined the OMFI credit group, Ms. WT used to brew local alcohol to generate petty cash income in order to cover domestic expenses. She joined OMFI saving and credit group in 1998, at the advent of the OMFI extension of credit for off-farm operators in her locality. Since then, she has borrowed for about eight years. In the first four years, she used her loans exclusively for her independent income-generating activities. Following OMFI's shift of emphasis to agricultural loans for livestock fattening, she began to use the major part of her loan fund for the intended investment. The size of her loan fund increased over the years from ETB 500 in 1998 to ETB 2500 in 2005. In addition to this agricultural-related investment, her access to OMFI loans enabled Ms. WT to expand and set up various income-generating activities. Ms. WT is involved in four types of micro-business, which include trading in agricultural products, baking *injera*, brewing alcohol, and mat making.

She trades in agricultural products in three areas and markets, namely Enseno (on Saturdays), Meshig (on Thursdays), and Butajira (on Fridays). Enseno is located in the neighbouring Mareko district, while the last two markets are located within the studied district of Meskan. Ms. WT travels to these markets on foot, together with other merchants. It takes her two hours on average to reach the Butajira market and four hours to reach the Enseno and Meshig markets. She uses a donkey, which she bought with the aid of her OMFI loans, to transport her tradable goods. She usually gets up early in the morning, at 3:00 am, to undertake her domestic responsibilities and some market-oriented activities, before departing for the market around 9:00 am. She often gets back home from the market by 8:00pm at the latest. Her household members do not have any direct role in her trading. But when she is late coming home from the market, her husband fetches her on the way and escorts her home.

Ms. WT brews local alcohol twice a week to sell in the local market. She is responsible for most activities involved in brewing, with crucial support from her eldest (13-year-old) daughter. Her daughter assists in activities related to the preparation of brewing ingredients, in the distillation process, and in the marketing of the local alcohol produced. She gets minor help from her husband fetching water and preparing fuel wood during the distillation process.

She also bakes *injera* (local bread), which she sells on the local market. Ms. WT is responsible for undertaking almost all activities in *injera* baking, assisted by her daughter. The contribution of her husband is, again, limited to fetching water and preparing fuel wood. Ms. WT bakes *injera* up to four days a week, using a traditional three-stone open fire stove. She bakes an average 70 *injera* at a time, enough for 70 people. She sells *injera* two days a week (on Monday and Tuesday) on the markets located within an hour's distance each from her village. Her daughter also supplies *injera* on the Saturday market, together with the local alcohol.

Ms. WT also used her loan for making *jiba*, a traditional carpet, which she weaves from the *enset* plant. She undertakes this activity during her “leisure time” and during non-market days, and in the evening. She hardly gets assistance from her household members during this activity because they do not have the skill.

With regard to income, Ms. WT earned the highest (ETB 534) monthly income from LF off-farm enterprises described in Chapter 5. She mostly decides over the use of her earnings herself, but she also consults her husband.

The above case shows that Ms. WT is fully engaged in market activities; even during her leisure time she works. She is one of the dynamic women aggressively and diligently engaged in several businesses. She was able to diversify her independent income sources because of her access to OMFI credit. She managed and implemented her LF economic enterprises with little assistance from her husband. She was fully involved in her businesses and used to spend most of her daytime in the market, exposed to the sun for many hours. Her young daughter usually assists in the local alcohol processing and marketing, despite the risks of exposure to open fire and alcohol at a young age. The assistance she received from her husband in her business was limited. Ms. WT toiled a lot to make ends meet. She earned relatively the highest gross monthly income, compared to other borrowers who used their income for a similar purpose. She also had authority over her income, with little interference from her husband.

Case 7.2 From “laborious” to “light” business

Ms. SY is in her late 30s, married with three children. She lives in a monogamous household after the death of her co-wife a long time ago. Prior to OMFI, she was involved in the sugarcane trade, which she used to finance by borrowing money from local money lenders at a weekly interest rate of 4 percent. She regards the sugarcane trade as a physically demanding task, because it involves the loading and unloading of bundles of sugarcanes. Ms. SY joined an OMFI saving and credit group in 1998, immediately following the advent of OMFI in her *Kebele*. Until 2005, she borrowed money for about eight years, which she used to finance her trading, livestock fattening and crop production activities. Over the years, her loan size increased from ETB 300 in the first year to ETB 1500 during the eighth year. Due to her access to an OMFI loan, she changed her business from the physically demanding sugarcane trading to the relatively “easy” pepper trading. She also increased her trading capital from about ETB 50 in sugarcane trading to about ETB 400 in pepper trading. During 2004 and 2005, Ms. SY did not use her OMFI loan for trading, because she had already built the capital she needed for trading, due to her borrowing from OMFI.

Ms. SY is responsible for carrying out her trading with little or no direct support from her household members. She trades on three markets, namely Butajira (on Fridays), Kella (on Saturdays), and Hamus Gebya (on Thursdays), located within the Meskan district at a walking distance of about 2-3 hours each from her village. She walks to these markets on foot but she often uses public transport on the way back home, and she transports her goods to and from the market with a donkey bought from her loan money. Ms. SY gets up early in the morning (around 5:00 am) to attend to her domestic responsibilities, such as water fetching, food preparation, etc, before she leaves for the market. She controls her trading income.

The above and another, similar case indicate that access to credit had created an opportunity for women to make choices, which was previously constrained by a lack of finances. They now could also engage in a less arduous economic activity. In addition to changing to a relatively “convenient” business, Ms. SY increased her business capital to an amount eight times higher than she made from her previous sugarcane trading.

Furthermore, she built her capital for her trading, and reduced her dependency on MFI loans for her business.

Ms. SY trades without any direct support from her household members, because petty trading usually is an individual undertaking. She also independently decides on the income generated from her business.

Case 7.3 expanding an existing business

Ms. ST is 35 years old, married and has three children. She joined an ACSI credit and saving group in 2003, in order to access credit to pay for fertilizer, and also to finance her petty trading. Before ACSI's loan, she used to borrow money from traditional money lenders, who charge an exorbitant interest rate of 5 percent per week, to finance her petty trading. She took her third loan in 2005. The size of her loans increased from ETB 500 during the first year to ETB 2000 in the third year. She mostly uses her loan for agriculture-related investments. Every year, however, she spends 5 to 10 percent of her loan fund on her petty trading and local brewing enterprises. She increased her independent business capital from about ETB 50 in 2003 to ETB 200 in 2005. She also expanded her markets from two markets before she gained access to credit to about five markets after she gained access to the ACSI's credit. Ms. ST did not want to invest more capital in her business because she did not want to travel long distances and spend nights away from home to do business. The reason was the family responsibility she felt.

Ms. ST trades onions and lemons in very small quantities. In one market she invests ETB 45 to buy 20 kilograms of onions and 2-3 kilograms of lemon, from which she earns a gross profit of about ETB 15-20 plus grain⁷⁸, which she uses for her local brewing business. She trades on six markets located in four locations, namely Enewari town (on Tuesdays, Thursdays, and Saturdays), Kersa village (on Sundays), Deneba town (on Thursdays), and Anchikorer town (on Wednesdays). The first two markets are located within the Moretena Juru district where this research was carried out, while the last two are located in two different neighbouring districts. Ms. ST walks to all the markets on foot, and it takes her 1 hour to reach Kersa, 2 hours to reach Enewari and Deneba, and 3 hours to reach the Anchikorer market. She uses public transport only when she returns home from the Enewari and Deneba markets, since these areas are accessible by public transport. She often carries her tradable goods to and from the different markets. Other than the support she gets from her daughters (12 and 14 years old) in the transportation of the tradable items to one of the nearby markets, Kersa, she does not get any assistance from her household members in her trading.

Ms. ST started local alcohol brewing due to her access to credit. She invests as small an amount as ETB 40 in her local brewing business. Fortnightly, she process about 12 liters of local alcohol for the market, from which she earns only ETB 10. As already indicated in case 7.1, local alcohol brewing involves preparing and processing local ingredients, performing the distillation processes, and marketing. She spends one to two days performing the distillation process, to produce 12 liters of local alcohol drink. In this enterprise, she gets some assistance from her daughters in water fetching and dry animal dung collection, while the assistance from her husband is limited to cutting fuel woods.

Ms. ST earns a gross average income of ETB 45-65 per week from the two enterprises, and she herself solely decides how to spend it.

Ms. ST's and another, similar case represent the extent of diversification in a woman's economic activities on the ACSI location, and clearly demonstrate the limited off-farm income-generating opportunities for women (as well as for men) in the area. Local alcohol brewing is the most common off-farm income-generating activity for both

⁷⁸ There is a bartering marketing system, where people exchange in kind.

ACSI borrowers and non-borrowers. In addition, the fact that Ms. ST travels on foot for up to 3 hours, carrying tradable goods, clearly illustrates that the volume of her business is very small. Yet, this woman does not want to inject more money in her business in order to expand, due to her domestic responsibilities. Like the other cases described above, Ms. ST is solely responsible for undertaking the activities involved in her petty trading and local brewing enterprises and also fully controls the fruit of her labour.

The case histories discussed above have offered detailed information on how women (households) organize and allocate their labour in the LF off-farm enterprises. They demonstrated that female off-farm operators are overwhelmingly responsible for undertaking the tasks involved in such enterprises within the household. In households where women had invested loans in multiple off-farm loan-funded economic activities, girls appeared to make both a direct and an indirect labour contribution to the LF enterprises, while the assistance from male household members was limited. The reason for this may be that activities such as local brewing and food processing are an extension of women's domestic responsibilities, and are portrayed as "female" occupations. For men to be involved in such activity is socially "degrading". As one of the cases showed, a female child was obliged to engage in a risky venture just because she is female. It is also important to point out that domestic labour shifts to daughters when women are away to the market (this will be discussed in more detail in the next chapter).

The cases discussed above and several other cases suggest that women who used loans for a diversified generation of income had a greater workload than those women, who used loans for single economic activities. In instances of the former, the women were engaged in market activities at least three days a week, while in examples of the latter women's market involvement was limited to a maximum of three markets a week. On the other hand, credit helped some women to change their business from a laborious to a relatively "easy" one. For all the cases, however, access to credit had increased women's market activities. Travelling and transporting goods to various markets consumes women's time and energy. As shown in the cases, women traders travel on average one to four hours each single trip to reach a given market. For instance, the woman described in case 7.1 was travelling a total of twenty-five hours (five hours a day) on average to five markets per week. Although public transport was not available to reach all the rural markets, even when it was available, women do not often use such a service because they prefer to spend such money on their households.

The other issue common to all the cases presented above was related to women's ability to exercise control over their earnings. The income generated from their enterprises was small compared to the time and the energy they spend on their business. Nevertheless, given women's limited access to wage labour and the small wage rate that is usual for them (i.e. not more than ETB 5 per day for a woman compared to), the earnings (ETB 15-20 per market) that they earn from their loan-related business should not be underestimated.

In conclusion, the analysis of the in-depth interviews confirms the quantitative findings, which suggest that women contribute more labour to the loan-funded off-farm enterprises, and also the finding of the previous chapter, which suggests that women off-farm operators control the income from their LF off-farm enterprises.

c. Labour allocation in the context of chronic sickness and adult death

One of the objectives of this study is to examine the potential effects of HIV/AIDS on resource allocation within ACSI and OMFI borrowers' households. As it was described in Chapter 2, the most obvious impact of HIV/AIDS at the household level is the loss of productive labour through death and chronic illness. Prolonged illness caused by HIV/AIDS does not only weaken the working capacity of the person who lives with AIDS, but also affects the organization and the allocation of labour among other household members. It was mentioned in Chapter 5 that it was difficult to identify borrowers affected or afflicted by HIV/AIDS, as the prevalence of HIV/AIDS was possibly low in the studied areas, particularly among ACSI and OMFI borrowers' households. Even if the problem may exist, people do not openly discuss HIV/AIDS-related problems because of the stigma attached. As a result, only one potential HIV/AIDS household on the ACSI location and one OMFI borrower who experienced sickness and death within the household are presented as case studies. One of the households experienced chronic sickness within the household (at the time of this study) that could be related to HIV/AIDS, while the other experienced death as well. These two cases are intended to provide some insight and understanding as to how serious sickness and death experienced by microfinance clients' households may affect the distribution of household labour to loan-funded enterprises. One of the cases was developed and reported retrospectively, because the household experienced both sickness and death at the time of data collection.

Case 7.4 Male adult sickness and labour scarcity

Mr. MM is in her late 20s and married. She has three children aged 2, 7, and 10. She joined ACSI credit and saving group in 2001 to access credit for oxen fattening. Until the time of this interview, she borrowed from ACSI for four years, which her household used mostly for livestock fattening and for chemical fertilizer. During 2004, her household used about 15 percent of her last loan (ETB 2000) to cover the medical expenses for her husband.

In June 2004, Ms. MM's husband, Mr. MM, was sick after he bought an ox and a horse with his wife's ACSI loan. His neighbours informed me secretly that Mr. MM's health problem could be AIDS, since it was associated with tuberculosis. According to the neighbours, Mr. MM's was exposed to risks of HIV because he used to be away from his family to do business in towns. When Ms MM. took her forth loan, her husband was not sick. During the months of April and May 2004, Mr. MM used the loan-funded animals to plough the family plot. By June 2004, Mr. MM's husband' health started to deteriorate and became worse in September and October 2004. By the time of this interview, in April 2005, he was being treated for TB.

In order to better understand the impact of Mr. MM's sickness on the household's labour allocation there is a need to examine household labour allocation throughout the different stages of Mr. MM's illness, stages under the headings of 'pre-illness', 'sickness' and 'bedridden'. During the pre-illness period or before Mr. MM became sick, he was involved in livestock-fattening work, and was responsible for activities such as cutting and collecting fodder (grass and weeds), tending livestock, feeding, marketing and overall management of the loan-funded livestock. At the onset of his illness, between June and August 2004, no significant problem was observed regarding his farm activities in general, or the LF livestock-fattening work in particular. This was partly because his sickness was not very "serious". Besides, during this period, little care is normally given to livestock by adults, as water and grazing are abundantly available in the nearby areas, and also because schools are closed and children look after the animals. Between September and April 2005, Mr. MM was bedridden and completely withdrew his labour from all productive activities. He was also partially away from home for intensive medical assistance in the nearby town. This period coincides with the intensive livestock fattening, when animals are confined to the homestead and supplied with different feeds in term of both "quantity" and "quality". The months of September and October in particular are the times for *wokia* i.e., the practice of uprooting grasses and weeds from and around farmlands by

household members, often led by the husband. But Mr. MM began to withdraw his labour from livestock fattening during this critical period. As a result, the household encountered serious labour scarcity and used various strategies to re-allocate household labour to the LF livestock-fattening enterprise. Firstly, Ms. MM took over all responsibility for taking care of the loan-funded livestock and other farm activities, with the assistance of her daughters (7 and 10 years old). Secondly, Ms. MM mobilized labour from her relatives in the form of a labour exchange. Thirdly, she hired labourers for some agricultural activities. Because the oldest daughter assumed more chores that are part of the fattening work together with her mother, she had to miss classes particularly during *wokia*, while Ms. MM's youngest daughters were unable to enrol in school in September 2004 because they were responsible for looking after the livestock, including the loan-funded livestock.

The consequences for Ms. MM were overwork and a reduction in leisure time because she was responsible for the agricultural production and domestic activities, including caring for her sick husband. When we had the first in-depth interview, Ms. MM was worried about the loan-funded animal, since it was not as properly fed as it had been the previous years. The gross cash income that the household generated from livestock fattening during the first, the second, and the third year were ETB 500, 600 and 800, respectively, while the money invested to buy livestock was ETB 1000 during the first two years, and ETB 1,600 in the third year. During the follow-up interview, the economic impact of the labour scarcity in Ms. MM's household was evident. As she feared, the gross cash income that she obtained from her 2004 investment in livestock fattening was only ETB 100 instead of the expected ETB 900.

As seen above, chronic adult illness within the household led to the withdrawal of adult labour, which subsequently resulted in the reorganization of household labour among the adult and non-adult household members. The new work distribution imposed work pressure on the woman because she had to assume more responsibilities in household production, including the LF livestock-fattening enterprise, and in the domestic sphere due to her caregiving responsibility. Moreover, children shared the brunt of the adult's illness by assuming more responsibilities at a young age. The impact on the children's schooling was negative. Moreover, in terms of cash, the enterprise was not successful as the cash generated from selling the livestock did not even cover the costs of the enterprise. Yet, on the other hand, the household was able to cultivate the land with the livestock.

In the previous section, the in-depth interviews demonstrated that some ACSI borrowers (2 out of 12) and their children had to undertake more work in the LF livestock-fattening enterprises due to health problems of the men. On the other hand, two active ACSI borrowers indicated that, because of own problem, they interrupted their borrowing, and then rejoined groups after they got well. One of the women, a widow, was unable to repay her loan on time and defaulted. This was because her LF livestock was sold for less than 50 percent of its original price, because it was sick and lost weight. This could be partly due to the burden of disease, which reduced her ability to work.

Case 7.5 Adult death and socially imposed mourning

Ms. WD is 51 years old. She became a widow in June 2005 after the death of her second husband, whom she married in levirate marriage⁷⁹. Ms WD lives with her son and daughter, aged 13 and 16, respectively. She joined the OMFI credit and saving group in 1998, and until 2005 she took loans for eight years. Due to her access to credit, she expanded her past businesses and initiated new income-generating activities.

Ms. WD used her loan funds for diversified economic activities, which include *enset* processing, local brewing, a small restaurant, and a dairy cow. The broader gender division of labour in Ms. WD's household was that she undertakes most of the activities related to *enset* processing, local brewing, and the small restaurant, with significant support from her daughter, while her deceased husband was responsible for activities related to the dairy cow and other livestock bought from the profit, with the help of his son and a boys' labour exchange group. Most of Ms. WD's LF economic activities are home-based, and as a result, her market involvement was limited to buying ingredients and selling the *enset* product (*kocho*).

Every year, Ms. WD buys live *enset* trees from farmers in the locality to process *Kocho*. She stores the *Kocho* and sells it during the rainy season, when the price is high. *Enset* processing involves several activities, including removing and cleaning the dry outer layer of the *enset* tree, cutting the leaves and the branches, and then uprooting the plant, decorticating and storing it. The first three activities are usually undertaken by adult males, while the last two are done by adult females. Ms. WD's late husband was responsible for the mobilization of male labour exchange groups for the tasks traditionally performed by men, while she employs female labourers and mobilizes female labour exchange groups for *enset* decortications. With the help of her daughter, Ms. WD also prepares food and drinks for men and women engaged in the *enset* processing business.

Ms. WT owns a small local restaurant in the homestead, where she sells food and drinks. With significant assistance from her daughter, she prepares food and the local alcohol for selling. Her late husband sometimes used to assist her in fetching water and serving and entertaining customers in the restaurant. She sometimes employs female labourers for baking *injera*.

During the first in-depth interview with Ms. WD in February 2005, her husband was not in the village. He went to Nazareth town, in the neighbouring region, for medical treatment. During that time, Ms. WT was running her businesses, including the small restaurant. Her husband passed away in June 2005 and until our last follow-up interview in August 2005, Ms. WD had not resumed her businesses. She tells her experiences with resentment as follows:

"It [the death of her husband] has a huge impact on my job. I did not work for three months, and as a result I lost profit for three months. I spent three months receiving guests who came to my house. If I did not have this job I would sit idle for a year. They [other people who face a similar problem] do not work. I think it is the culture of the area. I do not know any tradition! And I do not care what they would say about me! I have to work and support myself! Since I borrowed money from the government [the OMFI] it should not be wasted. If I do not work, I cannot support my children. Since my husband is not with me anymore, I cannot send them [the children] to school and buy them new clothes. I am afraid my children will quit school".

As described in the case, Ms. WD's late husband made important contributions, particularly to the dairy cow and the *enset* processing. She was bereaved over the loss of her husband and missed his economic contributions to the household, but on top of that, she closed her business due to social expectations about mourning. The local custom expects a woman to express her mourning the loss of a family member by quitting market-oriented activities

⁷⁹ On the Gurage location, widows used to be inherited by one of her brother-in-laws or cousins with the aim of "protecting" the family of the deceased and his property. This practice was observed among old couples' households and is being abandoned by now.

and by being confined at home. She is also expected to stay at home receiving guests who visit the family to express their sorrow about the deceased. According to Ms. WD, such norms do not apply to a man if he loses his wife. Furiously, she added that a man is privileged even to remarry another wife between three to six months following the death of his wife, leave alone that he would have to quit his job.

I found a similar case on the Gurage location. An OMFI borrower lost her son after he had been bedridden for some time. This woman abandoned her trading in order to care for her sick son and also in adherence to the local custom, which imposes a restriction on a woman's mobility in such instances. According to this woman, a woman who leaves a sick person behind and goes to do business on the market is criticized by society and portrayed as being "inconsiderate". This social imposition persisted and became stronger after her son passed away. This woman stopped her trading for nearly a year altogether. As a result, her household encountered a loan repayment problem. This might be expected because, on the one hand, part of the loan fund was used to cover the medical expenses of the deceased, and on the other hand, the woman stopped her trade activities and lost potential income to the household. Other cases on OMFI locations also revealed that women not only give up their business at times of illness and death, but they may drop out of the credit group as well. According to a focus group discussion on an OMFI location, illnesses and deaths were the main reason for almost half (four out of nine) of the female dropouts in one saving and credit group. In-depth interviews with several dropouts from an OMFI credit group confirmed that women give up their credit group membership when they are seriously sick and unable to work.

The above analysis clearly illuminates the way sickness and death affect labour allocation to LF enterprises among microfinance clients' households. The cases have shown that households lose adult labour as a consequence of adult mortality and morbidity. As a result, households attempt to compensate the loss of labour by redistributing work among non-sick adults and children. On the ACSI location, chronic adult male illness was found to increase the workload of women (also children) both in household production and in the domestic sphere. Women's health problems, on the other hand, were found to increase the workload of children and trigger women to end their credit group membership. The situation on OMFI locations differed, partly due to the nature of the LF enterprises, and partly due to social expectations regarding the "care giving" and "mourning" associated with sickness and death. Both adult sickness and death had a significant effect on women's LF off-farm enterprises. The effect on LF livestock fattening was not serious, in part because of the less intensive nature of the livestock-fattening work. Societal gender norms had a considerable impact on the way in which women allocate their labour between market-oriented activities and care giving in the context of sickness and death within the household. Due to their traditional responsibility, women are expected to withdraw labour from market activities to act on their care-giving responsibility. Local custom on the Gurage locations also imposes restrictions on both women's mobility and their involvement in market-oriented activities at times of sickness and death within the household. This norm imposes that a woman should not engage in business for at least three months following the death of a close family member. Thus, chronic illness and death constitute an important direct as well as indirect factor explaining repayment problems and quitting from credit groups.

7.4 Concluding remark

This chapter attempted to provide a detailed analysis of the organization and allocation of labour regarding the main LF enterprises within ACSI and OMFI borrowers' households. It shows that women's access to credit has mobilized household labour including that of men, women and children of both sexes, for economic activities, particularly for the LF livestock-fattening enterprise. It has found that both ACSI and OMFI women borrowers made a significant labour contribution to the market-oriented LF enterprises, compared to men. This is in line with what Pitt and Khandker (1998) found in Bangladesh: women's access to credit increases women's labour supply to market-oriented activities compared to men. However, women's relative labour contribution to the LF enterprises in the two studied communities varied greatly, depending on the nature of the LF enterprise and its importance to the local economy. Female ACSI borrowers provided a considerable labour input to the LF livestock-fattening enterprise, while female OMFI borrowers made a significant labour contribution especially to the LF off-farm enterprise. Other factors, such as women's (household) life cycle course, the form of their marital relationship, and women's duration in the credit programme, also had a significant effect in determining a couple's relative labour contribution to the LF enterprises on the OMFI location. Being older, living in a polygamous marital union, and a longer duration of their membership in the credit programme are found to increase women's relative labour contribution to the LF enterprises, compared to that of men.

Giving credit to women for a traditional male-dominated enterprise, i.e. livestock fattening, may be commendable, as it may expand women's economic choices and opportunities and may consequently transform the traditional gender divisions (gender segregation) in economic activities. However, the microfinance programmes reinforced the hierarchical gender division of tasks within the LF livestock-fattening enterprises. In both Amhara and Gurage societies, female borrowers were involved mostly in the routine, dirty, home-based and low status jobs, while men were engaged in tasks that are mostly infrequent, managerial, public and high status jobs. The fact that some women were excluded from decision-making on income from the LF livestock-fattening enterprises while contributing their labour, implies that labour contributions to market-oriented activities alone may not be empowering to women. Contrarily, women who used credit for LF off-farm enterprises contributed more labour to the off-farm enterprises and controlled the income generated thereof. Therefore, the main policy implication of the study is that if microfinance programmes seek to contribute to women's empowerment by increasing women's access and control over independent or household earnings, they need to consult women regarding their choice of enterprises. As this study has shown, women's significant control over income from the LF enterprises varied, depending on their economic and social circumstances. It is also important that programmes design strategies to ensure women's control over the fruit of their labour (e.g. to enhance their market participation) and to minimize the unintended negative effects of interventions. Further research is needed to understand the relation between couples' labour contributions to the loan-funded enterprises and their control over the product of their labour.

The survey did not find chronic illness (proxy for HIV/AIDS) within the household to significantly determine the intra-household labour allocation to the LF enterprises. However, the in-depth interviews showed that an adult male's illness within a microfinance household may significantly increase the workload of women and children in livestock fattening especially if the work is intensive. In a society where strong social value is

attached to care giving and mourning, illness and death within microfinance clients' households may oblige female borrowers to abandon their market-oriented activities or, in a worst scenario, to quit their membership of credit groups. The study also found that women may leave credit groups/programmes when they are seriously sick and unable to perform tasks. Further study is required in HIV/AIDS-prevalent areas to understand the impact of HIV/AIDS on intra-household labour allocation within microfinance clients' households.

CHAPTER 8 CHANGES IN GENDER ROLES, RESPONSIBILITIES & DECISION-MAKING PROCESSES

8.1 Introduction

The previous two chapters looked into the way in which the ACSI and OMFI clients' households organized decisions regarding the uses of women's loans and income from the LF enterprises (Chapter 6), and the labour allocation to the LF enterprises (Chapter 7). Chapter 6 found that the female ACSI and OMFI borrowers played a limited role in loan use decision-making within the households, but had significant authority over the LF enterprises' earnings⁸⁰. Chapter 7 demonstrated that the female OMFI borrowers made significant labour contributions to the LF enterprises compared to men. In addition, the chapters showed that the degree of women's influence over their income and their labour contribution to the LF enterprises vary between the borrowers of the two institutions, depending on the type of the LF enterprises. The chapters suggested that women's access to microfinance services is likely to improve women's access to earnings and to enhance their economic role within the household. The issues discussed in Chapter 6 and 7 are directly related to women's borrowing; they are important pathways through which greater empowerment or achievement can be attained in women's lives. The reason for this is that the degree of women's control over loans and related income as well as their control over the enterprise's production process (labour contribution) may facilitate women's ability to build independent (joint) household assets, contribute to the household, and consequently enhance their bargaining position within the household. Building on the findings of the previous two chapters, Chapter 8 attempts to explore whether women's access to microfinance services transforms the prevailing gender roles and responsibilities regarding the labour division, expenditure responsibilities, and financial decision-making within the household.

As stated in Chapter 2, the expansion of microfinance programmes in low-income countries has enabled millions of poor women in these countries to access microcredit services. However, whether the rationale for targeting women is premised on efficiency or equity arguments, microfinance programmes are generally presumed to contribute to women's empowerment. Nevertheless, to date, this assumption is under close scrutiny and debate, as the available evidence and literature are partial and provide seemingly conflicting evidence. On the positive side, several studies (Osmani, 2007; Lakwo, 2006; Pitt et al., 2006; Kabeer, 2001; Hashemi et al., 1996; Pitt and Khandker, 1996) provide evidence about the gender-transforming or empowering effects of microfinance targeting women. By increasing women's independent income, assets and economic contribution to the household, microfinance is said to enhance women's bargaining power within the household (Osmani, 2007; Pitt et al., 2006; Kabeer, 2001; Hashemi et al., 1996; Pitt and Khandker, 1996).

On the other hand, other studies have shown that microfinance interventions may perpetuate women's subordinate position within the household (Rahman, 1999; Goetz and Gupta, 1996; Montgomery et al., 1996; Ackerly, 1995). Some of the adverse effects of microfinance provided to women include domestic violence against women (Rahman,

⁸⁰ Note that ACSI borrowers had significant authority over income from LF household enterprises, while OMFI borrowers had a similar level of authority (with their husbands) over income from LF household level enterprises and had a significant influence over the income from the LF off-farm enterprises.

1999; Goetz and Gupta, 1996), an increase in women's workload (Leach and Sitaram, 2002; Goetz and Gupta, 1996; Ackerly, 1995); and an expansion of women's expenditure responsibilities within the household (Mayoux, 2001a). Moreover, microfinance provided to women has been found to intensify the workload of female children within the household, due to women's increased involvement in market-oriented activities (Leach and Sitaram, 2002), and negatively affect their schooling (Pitt and Khandker, 1998). Johnson (2005) and Mayoux (2001a) have shown that microfinance provided to women had a limited effect on women's empowerment because of the strength of gender-based constraints that women face. Arguably, researchers question whether giving microcredit to poor women alone will meaningfully transform existing power hierarchies without addressing gender barriers that poor women encounter within and beyond the household (Johnson, 2005; Mayoux, 2001a; Goetz and Gupta, 1996; Ackerly, 1995). Yet, programmes that used microcredit interventions to promote gender equality were successful in enhancing women's earnings and their decision-making power within the household (Mayoux 2001a; Ackerly, 1995).

The fact that researchers have reached conflicting conclusions can be partly explained by their choices of different indicators of empowerment and their focus on different dimensions of it (see Chapter 2). Studies may also give conflicting results because it is quite possible that microfinance interventions will improve one aspect of empowerment while undermining another⁸¹. In addition, it is probable that microfinance programmes have different effects because of different institutional contexts (Johnson, 2005). In the literature, little is known about how variations in institutional settings may affect microfinance programme outcomes differently.

This chapter attempts to provide insights into how women's access to microfinance services potentially affects gender roles and responsibilities within the household and household decision-making. The hypothesis is that various institutional settings may facilitate or hinder the potential contribution of microfinancing to gender transformation or women's empowerment. The study attempts to explain how variations in the wider institutional settings may affect programme outcomes, by comparing the potential effects of microfinance between the ACSI and OMFI borrowers' households. As it was already discussed in Chapter 5, this chapter does not claim to prove an impact in quantity terms, but rather seeks to understand the direction and the potential impact of women's access to microfinance largely based on the testimonies of borrowers (and their husbands).

The remainder of the chapter is organized as follows. Section 8.2 briefly discusses the conceptual framework of the study. Section 8.3 presents and discusses the empirical findings of the study. The first part of section 8.3 discusses the potential effects of women's access to credit on the gender division of labour within the household. It gives particular emphasis to changes in farm production, domestic work and in women's relative workload. The second part of this section presents the potential effects of women's borrowing on expenditure roles within the household. It discusses in-depth how earnings from the LF household and off-farm enterprises are often spent within the household. The last part of Section 8.3 briefly discusses changes in household decision-making with a particular focus

⁸¹ For example, Kabeer (2001) found a positive increase in women's income and asset ownership, but she also found an increase in women's workload. However, she did not interpret the workload as "negative", because women who were subject to this workload did not complain for the reason that their benefit "prevails over" their workload.

on key finance-related decisions within the household. Finally, a concluding remark is presented in Section 8.4.

8.2 The conceptual framework

The study recognizes that development policies and programmes do not necessarily affect all individuals within the household in the same way. Development programmes that are designed to increase women's resources had different effects on household preferences than policies that aim to enhance men's income (Thomas, 1997; Khandker, 1998; Pitt and Khandker, 1996). Evidence shows that resources owned by women, including assets (Doss, 1996; Quisumbing and Maluccio, 2000) and credit (Hashemi et al., 1996; Osmani, 2007; Pitt and Khandker, 1996) were found to strengthen women's bargaining position within the household more than resources owned by men (Pitt et al, 2006). This is because ownership over resources is more likely to strengthen an individual's fall-back position beyond the household. However, it is increasingly argued that intra-household resource allocation is too complex to be captured exclusively by economic logic (Sen, 1990; Folber, 1997; Agarwal, 1997b; Katz, 1997). The reason is that institutional constraints such as social norms may limit individual choices by prohibiting individuals from doing certain activities or making certain decisions, and may set rules for the conditions under which they are permitted to do so (North, 1991). Societal gender divisions, too, may shape the management and the distribution of resources within the household (LeMay-Boucher, 2007; Kevean and Wydick, 1999; Moser, 1993; Lundberg and Pollak, 1993). Social norms may also reduce women's bargaining power compared to men (Folber, 1997; Katz, 1997). This suggests that both material and economic resources may be important determinants of one's individual bargaining position within the household. Therefore, women's ability to influence intra-household resource allocation decision is inextricably linked, both to their access to economic resources and to the prevailing institutional contexts, including societal norms.

Figure 8.1 presents the conceptual framework of the study. The figure displays the interaction between four interrelated components: women's access to microfinance services, women's bargaining position, wider institutional settings, and intra-household outcomes (the gender divisions of labour, expenditure roles, and decision-making). As the figure shows, access to microfinance services may enhance women's bargaining position within the household by increasing women's self-employment possibilities, their income and contribution to the household, and by building their independent (joint) assets and social networks. As the broken arrow shows, it is also possible that microfinance provided to women may bring little change in women's bargaining position, or that it may even perpetuate existing unequal gender power relations within the household. This is because the wider institutional settings, including social norms, economic structures and strategies and regulations of microfinance organizations, may intervene to hinder the gender-transforming and women's empowerment potential of microfinance. Institutions define and limit individual choices (North, 1991). Household members may follow the prevailing gender norms for labour allocation and decision-making within the household. Social norms may continue to dictate household resource allocations because of the high social cost associated if they are violated. For example, when women take up new economic activities due to their access to credit, the prevailing gender-based divisions may remain intact due to strong gender norms, which dictate who should do what within the household. Women (and girls) may be disproportionately affected by a heavier workload due to an expansion in their market-oriented activities, as they are traditionally responsible for

domestic tasks. Formal and informal economic rules, including individual property rights and access to economic opportunities, may affect an individual's fall-back position and consequently affect her or his bargaining power within the household. Furthermore, microfinance-related exposure and meetings may raise women's consciousness, self-confidence, and negotiation skills within the household. An increase in a woman's bargaining power may lead to changing gender roles, responsibilities, and decision-making within the household in favour of women. However, if the institutional context does not contribute to women's bargaining power, it is more likely to reinforce the prevailing gender divisions of labour, roles and decision-making, as shown by the broken arrows.

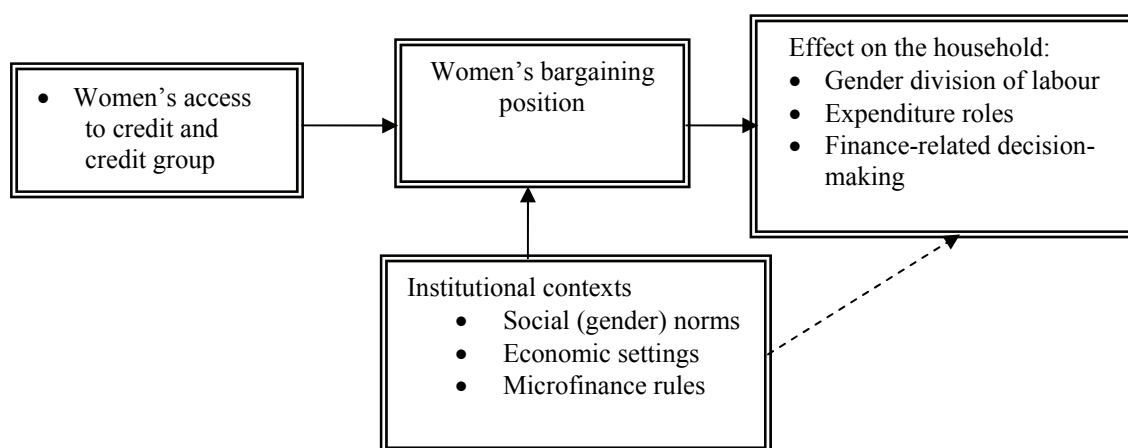


Figure 8. 1 The conceptual framework: women's access to microfinance services and change in gender relations.

8.3 Empirical findings and discussions

8.3.1 The gender division of labour

As societies experience economic change, the type of work and its division between men and women may change as well (Mackintosh, 1984). The expansion of credit to “poor” households by ACSI and OMFI was intended to bring an economic change in poor households, by creating self-employment opportunities and/or expanding existing (individual or household) economic portfolios. Loan-induced economic activities may affect both the quality and quantity of time devoted by household members to other activities such as domestic work and household production within the household. This subsection explores how women’s access to credit may potentially affect the distribution and the types of work undertaken by men, women and children of both sexes within the ACSI and OMFI married women clients’ households.

a. Changes in gender roles

Crop production

It was mentioned in Chapter 5 that both ACSI and OMFI extended loans in their respective operational areas for investment in livestock to address the draught animal constraints of poor farm households. It was also discussed that livestock ownership was used as a proxy indicator to select poor households⁸². Access to credit had enabled many poor households to access (or own) at least one draught animal necessary for crop cultivation⁸³. In-depth interviews revealed that, prior to women’s access to credit, the ACSI borrowers’ households used to employ different strategies to get their land cultivated. Firstly, half of the active ACSI borrowers we interviewed in-depth noted that their household had only a single draught animal (an ox or horse) before they accessed credit, and as a result they used to make a livestock-sharing arrangement with similar households, or beg relatives to pair their animals and cultivate their lands turn by turn. Secondly, three of the ACSI borrowers’ households (out of twelve in-depth interviewed) were engaged in a labour-for-livestock arrangement. In such arrangements, a poor farmer is expected to plough the land of the rich farmer for two days in order to get a pair of oxen for one day. If a given poor household needs a pair of draught animals for 5 days to work on its farmland, the adult male needs to work for 10 days on the farm of the oxen owners in exchange for a pair of oxen. In addition, the wife of the poor farmer may be expected to provide some agricultural and domestic labour assistance to the household of the rich farmer.

The in-depth interviews with men and women on the ACSI study location revealed that women’s loans had enabled men to perform their traditional roles in crop cultivation in two important ways. First, due to access to draught animals, poor men were able to undertake agricultural activities, particularly ploughing, sowing, and threshing at the “appropriate” time. In the past or before women’s access to credit, a timely implementation of these

⁸² This focus was particularly common at the initial stages of ACSI’s operation on the study’s location. A household that owned less than a pair of oxen was regarded as poor and was targeted for credit services through either the woman or the man.

⁸³ Usually, borrowers buy a draught animal before the start of the agricultural activity, so that they work with it throughout one agricultural season and then sell it and repay the loan money. In some cases, they keep the loan-funded livestock and repay their loans from other sources. There are also households that already owned one or more draught animals through their loan-induced earnings.

activities was impossible since poor farmers were highly dependent on other farms to get access to draught animals. The very poor households, which did not own any draught animals before getting access to credit, used to access pairs of oxen from better-off households through a labour-for-livestock exchange arrangement as mentioned earlier. Because ox owners usually lent their draught animals to poor farmers after cultivating their own lands, such an arrangement used to delay and impede a timely implementation of farm activities for poor farmers. As crop cultivation is largely rain-fed in the studied areas, like in many other parts of Ethiopia, delaying or postponing cultivation has negative consequences for agricultural production. Hence, access to livestock was instrumental to poor households to execute their farm duties at the “appropriate” time. Second, access to draught animals through women’s loans was reported to free some poor households (men and boys, and women to some extent) in the ACSI study area from the “exploitative” labour-for-livestock exchange arrangement mentioned earlier. One of the women from such a household describes the change in her household as follows:

“If he [her husband] spends time working in the field of a rich farmer to get a pair of oxen, I work in that rich man’s house. At the time of the harvest I uproot vetch and pick beans and other tasks that a woman can do. If they have a kind of feast I may need to prepare the ingredients of the local drink” (AA).

This woman noted that she has no more involvement in such chores and also described the change in her husband’s work, “... my husband no longer has to toil on the farm of the rich men. He spends the day working on his own land”. This means that, on the ACSI study location, women’s access to credit and loan investment in draught animals freed men (also boys and women) from an exploitative arrangement and facilitated men’s traditional roles within the household.

On the OMFI study location, the situation was slightly different, which was explained in monetary terms. Nearly half of the men interviewed in-depth (3 of 7) noted that they did not own draught animals in the past and, as a result, they used to pay ETB 200 for renting a draught animal for one cultivation season. In another case, a household used to acquire draught animals through livestock-sharing arrangements and borrowing from other people, which was said to delay the timely implementation of agricultural activities.

In conclusion, women’s credit for livestock fattening had been instrumental for the very poor households to be freed from exploitation, and reduced or eliminated the total dependency of poor households on relatives or other farmers for draught animals and rental payments. Moreover, it contributed to the timely implementation of agricultural activities and to the time spent on the households’ own farms. In this manner, women’s credit for livestock fattening had addressed men’s practical needs and facilitated their traditional role in crop cultivation.

The in-depth interviews also assessed whether women’s access to credit has any effect on women’s traditional role in crop farming. In this regard, some change was observed, mainly among the OMFI borrowers who used loans to finance independent off-farm economic activities. The evidence shows that five of the six women involved in LF off-farm enterprises had either reduced or abandoned their contribution to household crop production after they joined credit groups. This was because these women increased their time spent in market-oriented activities in connection with their access to credit. Two of these women (long-time borrowers) reported that they substantively withdrew their labour from farm activities since they were engaged in diversified income-generating activities because of their access to credit. A woman describes her labour withdrawal from the family farm as follows:

“I was weeding for my husband; I was transporting the corn during harvest time; I was planting vegetables. Now I am too busy to carry out such activities. Sometimes I do not have time even to eat from the garden (maize and beans). Because I’m engaged in the business, I have almost forgotten about the other [farm] activities” (WD).

Another two borrowers (OMFI) said that they also reduced their labour input in crop farming due to the same reasons mentioned above, and another one because of a loan-induced health problem. Although in the studied areas, traditionally, men can mobilize women’s labour for agricultural activities, this situation seemed to change slightly. This was due to women’s business expansion and the significance of women’s new income to the household, and the fact that women are away from home and not available for work. Women who did not entirely abandon their farming role noted that they assisted their husbands during non-market days. The reduction or removal of women’s labour from crop farming could in part be an indication of women’s bigger say about their time allocation, at least when this involves an economic activity that provides little independent income.

On the ACSI study location, in-depth interview participants did not report the withdrawal of labour from crop production, and there was little sign of change in gender roles in crop production. This could partly be because there is a limited independent economic activity for women in the area, and as a result, women used loans for independent off-farm activities only in very rare cases.

There is one plausible explanation why the OMFI borrowers withdrew labour from crop farming while the ACSI borrowers did not. It is to be remembered from Chapter 4 that Gurage women traditionally exercise little authority over household production compared to Amhara women, who exercise a more or less equal right over household production with men. As a result, for the female OMFI borrowers, it is a strategic choice to withdraw labour from less remunerated agricultural production and then to allocate it to an activity that provides income under their control. This may suggest that microfinance has, indeed, a potential to enhance women’s bargaining power, if loans are directed to women to finance their independent economic activities.

b. Domestic Activities

Domestic work, which includes housework and child care activities, is important in the sustenance, survival, and reproduction of the workforce within the household. Yet, it is often classified as “unproductive” labour and given little value. It is widely recognized that, particularly in traditional societies, housework is overwhelmingly performed by women (and girls). Thus, how women respond to new economic opportunities outside the household is usually conditioned by the societal gender division, which requires them to combine outside work with housework (Sen, 1990).

It was mentioned in Chapter 4 that, traditionally, women and girls in the studied areas undertake the bulk of the housework and child care activities. Chapter 7 showed that women’s access to credit had increased women’s labour contribution to LF economic enterprises within the household compared to that of men. The findings from the in-depth interviews show that both the ACSI and OMFI borrowers remain dominantly responsible for the domestic activities, despite their increased labour contribution to the LF enterprises. Women often fit the activities of LF enterprises into their existing tasks, and employ a multi-tasking strategy to simultaneously accomplish their new (or expanded) economic role and domestic responsibilities within the household (Bock, 2004). The multi-tasking strategy is especially important for the ACSI borrowers, since most of the routine tasks involved in

livestock fattening are performed within the homestead. This means that women borrowers simultaneously undertake livestock fattening and domestic activities. It is common for women to carry small children on their back while feeding livestock or cleaning barren, brewing, etc. During intensive fattening periods, they get some assistance for domestic activities from their children, particularly from the girls.

On the OMFI study location, the mobilization of domestic labour takes a slightly different form. Women who were engaged in market-oriented activities outside the home seemed to assume their domestic responsibilities before and after market, and they transferred part of their tasks to their daughters as well. The demand for girls' labour was very crucial, both in the domestic sphere and in relation to women's home-based economic activities. In some cases, girls appeared to be at the verge of substituting their mothers. One of the cases (7.1) described in Chapter 7 elucidated the relations between women's economic activities and the intensification of female child labour. As indicated in the case, the woman used her loans for diversified economic activities and her trading required her to attend about five markets per week. Furthermore, during her none-market days and after the market, she was often engaged in various home-based income-generating activities. As a result, her oldest daughter (13 years old) was obliged to assume a great bulk of domestic tasks and child care activities, with little assistance from her young sibling and her father. Besides, the girl used to assist her mother in her local brewing business, which included the marketing after school. As a result, she had little time to play with her peers and to study. Both parents recognized that their daughter was overloaded with work. The mother describes the situation as follows:

“...she [the daughter] is young to bear such responsibilities. Now she acts like an adult. Her peers are not as busy as she is. I have given her some time on Sunday as I am at home. She will go to her friends to study. However, she has not time for playing.” (WT)

The above case and similar ones in the OMFI study area revealed that female children became increasingly involved in household chores, because their mothers invest loans in market-oriented activities. The intensive use of female child labour appeared to be widespread, especially when a woman takes on off-farm activities as full-time work. This suggests that with an increase in a woman's involvement in off-farm economic activities, there is a tendency that she shifts part of her domestic work to the female children. In households where assistance from female children was limited, however, women choose not to expand their petty businesses to avoid the potential conflict between their business and their domestic role within the household. The following case illuminates this point:

“I can't handle that [big business]. It may require me to spend the night away from home. Who can take care of my children? I am the one that feeds them, and sends them to school. I have nobody else to help me” (AA).

In both the Amhara and Gurage study areas, men's contribution in the domestic sphere was limited. Their level of assistance was largely conditioned by the presence or absence of female household members to assume domestic responsibilities, and partly depending on women's economic contributions to the household. In a few cases, men in the Amhara study area said they support their wives in child care when their wives undertake loan-related activities and attend monthly centre meetings. In the Gurage study areas, the degree of men's participation in household tasks seemed to vary, depending on the extent of women's involvement in market activities and the significance of women's economic contribution to the household. In households in which women are engaged in multiple LF

economic activities and contribute substantially to the household income, some men appeared to assume relatively more domestic tasks. For example, the spouse of one of the long-time OMFI borrowers gives the following testimony about his role in the domestic sphere:

“In the past, I was not involved in duties of this sort [household tasks]. Her business helps me a lot [economic contribution], so I have to help in the housework. I am happy about it. I even fetch water and if my daughter prepares lunch, I prepare firewood for her. I participate in almost everything including making coffee and giving lunch to children” (KH).

In households where women did not fully engage in trading, men’s role in the domestic sphere appeared to be limited to minding small children and looking after the homestead. The main reason for men’s limited participation in domestic activities is local custom, as explained by an OMFI borrower. As one woman described this,

“This is the countryside: a man does not assist a woman. He works on his own farming activities. She [her daughter] is the only one in the home who can work [domestic work]; her brothers do not do the home activities because that is not the norm for male children in this community” (BB).

According to the testimony of the above woman, the gender division of labour in the domestic sphere is largely determined by the social norm, and as a result, men and women adhere to the norm to allocate their labour. This implies that for women who were not “fully” engaged in independent economic activities, their access to credit and a related business expansion did little to alter the prevailing work distribution between the sexes. This might be because they have relatively more time for domestic work, compared to women who spend more time in LF off-farm economic activities. But in general, men’s contribution to domestic activities appeared to be limited, even in a context in which men spend more time around the homestead where the family plot is located, while women do business in the market.

The analysis of the domestic division of labour suggests that even if women take up new tasks or expand their economic role within the household, they tend to be primarily responsible for the domestic activities. As this study shows, a redistribution of domestic tasks was observed largely between the female household members, not between genders. This is partly because the domestic task is often considered to be an aspect of a gender relation that is “natural”, “immutable” and “non-negotiable”. In a few cases, men were engaged in domestic activities, but this circumstance did not lead to a complete reallocation or renegotiation of domestic tasks between gender groups. Men’s involvement in domestic work appeared to be largely conditioned by the absence of female adults or children within the household. Women with a substantial, independent loan-related income contribution to the household, however, are more likely to get some assistance from their husbands in domestic tasks than women with no or a small independent income contribution to the household. This suggests that social (gender) norms limit in what way individuals should perform and under what condition they are allowed to do so (North, 1990).

c. Women’s workload and leisure

A question was included in the survey to assess whether women’s access to credit had led to an absolute increase in women’s work or not. Table 8.1 presents the survey findings regarding change in women’s work within the household due to their access to credit. A considerable proportion (91-92%) of the ACSI and OMFI borrowers reported that access to credit had increased their workload. Only less than 10 percent of the ACSI and OMFI borrowers reported that access to credit either did not change or decreased their workload.

Table 8. 1 *Frequencies and percentage distribution of respondents by MFI and change in workload.*

Change in women's work	ACSI		OMFI	
	Frequency	%	Frequency	%
Increased	79	92	51	91
No change or decrease	7	8	5	9
Total	86	100	56	100

Source: Household Survey 2004.

The ACSI staff members in the field noted that one of the reasons for extending a loan to women was to enhance women's economic role within the household. During in-depth interviews, several women also noted that they longed for such economic opportunities because they were either "idle" or pressed by the severity of economic poverty and deprivation within the household. In addition, the in-depth interviews assessed the effects of women's borrowing on couple's relative workload. The findings show that the long-time ACSI and OMFI borrowers had a relatively higher workload compared to men because of intensive livestock fattening and expansion of off-farm economic activities, respectively. In the Amhara study area, women tend to have a higher workload when livestock fattening is intensive, when they operate additional loan-funded income-generating activities, and when they get little support from household members for reasons including the husband's sickness and public responsibility, the children are attending schools, etc. On the Gurage study locations, on the other hand, the long travelling time required in trading (on foot 1 to 4 hours for a single trip) and the arduous nature of women's home-based economic activities (such as cooking and brewing) are found to be the cause of women's higher workloads compared to those of men. In-depth interview participants also mentioned the consequences of the increase in workload to women, which include a reduction in leisure and sleeping time, fatigue, and health problems.

One of the criticisms of microfinance provided to women is that it may increase women's work burden without a meaningful increase in women's income (Goetz and Gupta, 1996). In the studied areas, the ACSI and OMFI borrowers hardly complained about their work burden because of the contribution it made to the survival of their families. Instead, they emphasized that they need to "work hard" in order to improve their living conditions. Several female in-depth interview participants pointed out that they sacrificed their leisure and sleeping time to fulfil their new (or expanded) economic opportunities and traditional obligations within the household. For example, one borrower noted, "I am labouring more now but I also benefit more. Rural life is tough; you do not count your tiredness". Another woman stated: "This is the countryside. We normally don't have resting time. What we call rest is to work and get income. That is rest for us. I am afraid of poverty. I am not tired of working as long as God keeps me healthy". Hence, women did not grumble about the increased workload because of its positive effects and despite the existence of fatigue, lack of leisure time, and health problems. Similarly, Kabeer (2001) observed in Bangladesh that female borrowers give more weight to the benefit that they acquired through their borrowing than the cost of borrowing in terms of their workload. However, this by no means implies that the work burden was not that important for women; it rather showed the price that women are ready (or forced to accept out of necessity) to pay in pursuit of their goals, whether it is to tackle household poverty or to obtain economic independence.

The analysis of women's labour allocation showed that women employ different strategies to reduce their work burden. As already discussed in the previous subsections, some borrowers began to withdraw or minimize their farm labour, and started to share or transfer some of their traditional responsibilities to other household members, particularly girls. This was observed especially in the Gurage study areas, among women who used loans to start or expand independent income-generating activities. In the worst scenario, when women reach the point that they can no longer bear the work pressure, they make a choice by quitting their credit group membership. In both the ACSI and OMFI study areas, in-depth interviews with programme dropouts revealed that women may quit their credit group membership when they are unable to combine the loan-related work responsibilities with their regular tasks. This is the case especially if they do not get "enough" assistance from other family members, as the following case illuminates.

Case 8.1 Competition between domestic and LF economic activities

Ms. FA is 22 years old and married. She has two small children (less than three years old). In 2001, Ms. FA joined an ACSI credit group after her husband advised her to do so. She borrowed from ACSI for three consecutive years and used her loans for a livestock-fattening enterprise. After the second year, Ms. FA was reluctant to continue borrowing from ACSI because of the work burden associated with the fattening work. She was mostly responsible for both the specifically female and the gender-neutral activities in livestock fattening, with little or sporadic assistance from her husband. However, her husband was unable to provide her with the necessary support, partly because of his involvement in local administration activities (the *Kebele* office), where he spends most of his daytime. As a result, the livestock-fattening work competed with Ms. FA's child care responsibilities within the household. She often used to carry her small baby on her back while carrying out the activities of the LF livestock-fattening enterprise. She could not cope and finally dropped out of the programme after settling her debt in 2004.

Similarly, there are several cases in which women left credit groups due to the loan-induced work pressure and due to a lack of support from men, for various reasons mentioned earlier.

The effect of women's credit on men's workload was seldom emphasized, either by men or by women. As discussed in the previous chapter, on both the Amhara and Gurage study locations, men's labour contributions to the LF enterprises tend to be relatively lower than women's contributions. Coupled with men's limited traditional role in daily household maintenance, and their possibly "ample" leisure time because of the seasonality of their traditional gender role in agriculture, it is more likely that men are little affected by the workload caused by their wives' borrowing. In this regard, remarks made by two women such as, "the man gets cleaned and relaxed", and "the man is doing nothing these days" are illustrations of men's limited work burden. If that is so, development policy may reinforce inequalities between the sexes by providing resources to women and mobilizing their labour.

8.3.2 Expenditure responsibilities

On both the Amhara and the Gurage study locations, traditionally, men and women assume distinct expenditure responsibilities. Men are expected to cover expenses related to chemical fertilizer, land tax, clothing, the children's education, medication, and household level social networks. Women, on the other hand, are expected to cover daily expenses

related to daily food expenses (e.g. vegetables, grain and beans, oil, salt, coffee, species) cooking fuel, the grinding mill service, house lightning, sanitary materials, and household utensils. As discussed in Chapter 4, in the study areas, traditionally, the main sources of income for women's domestic expenses were the sale of agricultural products (in small quantities), housekeeping for men, and women's own, independent income-generating activities. The local custom on the ACSI study location grants women access to agricultural products or household income to cover part of their domestic expenses. On the OMFI study location, on the other hand, women are traditionally expected to generate their own cash income to fulfil their domestic responsibilities. Nevertheless, women partially depend on their husbands or sell subsistence crops to generate petty cash income, either because they do not generate their own income or their independent income is insufficient to cover domestic expenses. This subsection explores the way in which LF enterprise earnings were used within the ACSI and OMFI borrowers' households, and analyzes the potential effects of women's access to credit on men's and women's expenditure responsibilities.

a. Loan-funded livestock income expenditure

Table 8.2 presents the survey results regarding the primary and secondary uses of income from the LF livestock-fattening (household) enterprises within the ACSI borrowers' households. The findings suggest that the ACSI borrowers primarily used income from the LF livestock-fattening enterprises on chemical fertilizer (80 %). The remaining 20 percent were used for food, children's education and clothing, assets (including livestock, savings and reinvestments in business), for social affairs and other purposes. Over half (46 out of 86) of the ACSI borrowers' households used earnings from the LF livestock-fattening enterprises for more than one expenditure area. About 52 percent of these ACSI borrowers used income from the LF livestock-fattening enterprises for secondary purposes, including the education and clothing of children (53%), food (22%), assets (18%), and social affairs and other purposes (4%).

Table 8. 2 *Frequencies and percentage distribution of the ACSI borrower respondents by primary and secondary uses of income from the LF livestock-fattening enterprise.*

Expenditure area	Primary		Secondary	
	Frequency	%	Frequency	%
Fertilizer	66	80	2	4
Food	7	8	10	22
Children's education and clothing	4	5	24	53
Assets, savings and reinvestment in business	4	5	8	18
Social affairs and others	2	2	2	4
Total	83	100	46	100

Source: Household Survey 2004.

As the above table indicated, fertilizer, children' education & clothing and food were the three most common expenditures on which income from the LF livestock enterprises was used by the ACSI borrowers' households.

Table 8.3 displays the survey results regarding the primary and secondary uses of income from the LF livestock-fattening enterprises within the OMFI borrowers' households. As shown in the table, more than a third of the OMFI borrowers' households reported that they primarily used income from the LF livestock-fattening enterprises on food and the education and clothing of children, respectively, and about 18 percent on assets (including property, savings and a reinvestment in business), and about 10 percent on social affairs and others. About 58 percent of the OMFI borrowers reported that they used income from the LF household enterprises on additional areas. About 39 percent of the borrowers reported food and clothing and the education of children as secondary expenditure areas, followed by assets, Savings and re-investment in business (12%), and social affairs and others (10%).

Table 8. 3 Frequencies and percentage distribution of the OMFI borrower respondents by primary and secondary uses of income from LF livestock-fattening enterprises.

Expenditure area	Primary		Secondary	
	Frequency	%	Frequency	%
Fertilizer	1	2	-	-
Food	18	36	13	39
Children's education and clothing	17	34	13	39
Assets, savings and re-investment in business	9	18	4	12
Social affairs and others	5	10	3	10
Total	50	100	33	100

Source: Household Survey 2004.

As displayed in Table 8.2, the great majority of the ACSI borrower respondents reported that their households used income from the LF livestock-fattening enterprises on chemical fertilizer, while the proportion of the OMFI borrower respondents who reported that they used income on chemical fertilizer, on the other hand, was very small (Table 8.3)⁸⁴. However, because of the fact that chemical fertilizer was used on the ACSI study location to increase crop productivity, it can be said that women's credit has also contributed to the household's food supply. This relationship is plausible, given Amhara women's right over household agricultural production and their food-provisioning role. In-depth interviews with the ACSI borrowers showed that women preferred to use income from the LF livestock-fattening enterprises on fertilizer in order to prevent the selling of extra grain by men, on the pretext of covering fertilizer expenses⁸⁵. This could be a strategy employed by women to control household production and any misappropriation of household grain by men. Therefore, it can be concluded that, directly or indirectly, food is the most common and important expenditure area for the borrowers of the two institutions. Given women's limited say over household agricultural products on the OMFI study location, the uses of income from traditionally male occupations on food-related expenses may suggest that access to credit may indeed help women to fulfil their traditional obligations. Nevertheless, as Kabeer (2001) has pointed out, loan-induced expenditure on food may also reflect the survival and poverty orientation in expenditure, rather than gender-based choices. This is because borrowers are likely to belong to poor households, where food becomes the urgent

⁸⁴ Chi-square test was used to see the distributions of ACSI and OMFI observations but it was rejected because more than 20 percent of the cells have expected counted less than five.

⁸⁵ It is also important to note that the timing of fertilizer final instalment payments is arranged to coincide with the time that borrowers sell their LF livestock.

need which both men and women may want to address. Still, the fact that the ACSI and OMFI borrowers' households had a significant say over the uses of such income (see Chapter 6) may reflect that their expenditure preferences are taken into account. In addition, the uses of income (from LF household enterprises) on fertilizer and children's education and clothing may be an indication that women's credit also contributes to addressing men's traditional expenditure role within the household. The fact that loan-related earnings are used on food, shows the potential effects of microfinance in enhancing household food security. This is because, as it was described in Chapter 4, poverty is the main criterion for targeting individuals for the ACSI and OMFI loans, and as a result, food might constitute the most pressing need for both men and women.

The uses of income from the LF livestock-fattening enterprises for assets, savings and re-investment in loan-related businesses, may strengthen women's right over household properties. This is particularly true for the OMFI borrowers, who traditionally had a limited right over household properties. Because such resources are obtained through women's loans and their efforts, they are more likely to claim at least a "joint" ownership right.

b. Women's earnings and expenditure patterns

Although the loan investment in women's independent (off-farm) economic activities was limited, it was included in this analysis to understand how women spend their independent income within the household. About a third of the OMFI borrowers reported that they earned earnings from the LF off-farm enterprises. ACSI was excluded from this quantitative analysis because the number of borrowers who reported loan-use on off-farm independent economic activities was limited to three (Chapter 5). Nevertheless, we included a few cases from ACSI in the analysis of the in-depth interviews so as to make some regional comparison.

The survey findings show that two-thirds and nearly a fifth of the OMFI borrower respondents reported that they often use their independent LF enterprise earnings to buy food for their families and to cover expenses for their children's education and clothing, respectively, while another 18 percent of OMFI borrowers spends it on other things (personal assets, savings and investment, and household utensils). This means that women's independent LF enterprise income was used in the area of women's traditional expenditure responsibility (food), to build women's resource bases, and partly to cover men's traditional expenditure areas (the education and clothing of children).

A more in-depth insight into the use of women's independent earnings was obtained through the in-depth interviews with eight women (2 from ACSI and 6 from OMFI) who used part of their loans to finance independent income-generating activities. Table 8.4 summarizes the areas of women's expenditures before and after they gained access to credit.

Table 8. 4 In-depth interview summary of the ACSI and OMFI borrowers' income sources and expenditure patterns before and after getting access to credit.

MFI	Before getting access to credit		Expenditure
	Sources of income	Expenditure	After getting access to credit
ACSI Short-time	Own off-farm income	Domestic expenses:	Domestic expenses, children's clothing and schooling, own clothing, <i>iddir</i> , social network.
Long-time	Husband	Domestic expenses	Domestic expenses, children's clothing and schooling, own clothing, <i>iddir</i> , social network, medical expenses.
OMFI Short-time	Own off-farm income and that of husband	Domestic expenses	Domestic expenses, <i>iddir</i> , social network.
Long-time	own off-farm income, food crops, husband's	Domestic expenses	Domestic expenses, <i>iddir</i> , children's clothing and schooling, own clothing and jewellery, personal assets and savings, medical expenses, giving cash to men.

Source: In-depth interviews conducted in 2005

Domestic expenditures: as mentioned before, this refers to women's traditional expenditures such as daily food-related expenses, cooking fuel, the grinding mill service, and house lightning, sanitary materials and household utensils. As indicated in Table 8.5, both the ACSI and OMFI borrowers appeared to cover domestic expenses regardless of membership duration in the credit groups. The long-time OMFI and ACSI borrowers compared their situations before and after getting access to credit, respectively, as follows:

"I did not have enough to support the family, so he [her husband] used to give me money. However, after I started saving [access to OMFI credit] I was able to cover all the expenses related to the household or the family. In the past, he [her husband] used to provide. Now, I can afford to cover the expenses (SY)".

"Well, before I joined the programme, I used to ask him [her husband] for money for little things, including buying coffee and so forth. Now I am working and have money in my hand, so I do not need to ask him [her husband] to buy oil or coffee. I will buy it, as I will have money on hand (YN)".

In addition to reducing or removing women's financial dependency on men, the quantity and the quality of the food that women provide to the household increased. Several women mentioned that because of their increased independent income, they buy food items relatively abundantly and provide household members (especially small children) with nutritious foods. Women's loan-induced independent income was also essential during seasons of scarcity, as a husband of an OMFI borrower noted, "I get harvest during the spring time. During summer, I have nothing; she [his wife] is the one who feeds the family through the profit she [his wife] makes from her business" (AH). This analysis shows that women's independent income was crucial for the survival of poor households, whose livelihood is often hand to mouth.

Investment in a woman's own assets and clothing: the increase in women's independent earnings helped some women to cater for personal effects that are strategic to gender relations. As indicated in Table 8.3, the income effect of repeated borrowing was evident in

a range of personal expenditures such as clothing, jewellery, independent assets, and savings. However, among the ACSI borrowers, the effect was limited to women's clothing and savings, while among the OMFI borrowers it also included investment in women's jewellery and independent assets. From the viewpoint of the social value given to clothing, women on the OMFI study location stressed the significance of their independent income for buying their own clothes. One OMFI borrower vividly describes as follows how, in the past, she used to borrow clothes from her neighbours during important social occasions:

"I did not have enough clothes. But now, I have enough so I can change. Before, I used to borrow from neighbours, and I sometimes could not get it. I remember times that I went to mourning with someone else's clothes. But now, I have everything I need". (WT)

The above testimony suggests that loan-induced women's independent incomes contributed to women's social participation, as they were able to buy the necessary clothes, shoes, and even jewellery.

The study also assessed the contribution of women's independent income (including that from livestock fattening) to women's savings (including savings in kind). The survey and the in-depth interviews showed that borrowers save part of their loan-related income in different forms. Table 8.5 shows that over a third of ACSI and nearly half of the OMFI borrowers save part of their loan-related earnings in cash.

Table 8. 5 Frequencies and proportional distribution of the respondents by MFI and availability of loan-related voluntary savings.

Voluntary saving	ACSI		OMFI	
	Frequency	%	Frequency	%
Yes	32	37	27	48
No	54	63	29	52
Total	86	100	56	100

Source: Household Survey 2004.

Note: There is a significant difference (5%) between ACSI and OMFI observations (Chi-square test).

With regard to the places of saving, the majority of the ACSI (78%) and OMFI (97%) voluntary savers save their loan-related income with the informal sector, namely with the traditional *eqquib* or friends (Table 8.6). In other words: only a fifth of the ACSI and less than 3 percent of the OMFI borrowers had a voluntary savings account with the respective MFIs. Women prefer to save their income with the informal sources because such savings is often organized among peers within the village, or kept with friends, and can be "easily" accessed. Saving with the MFIs, on the other hand, requires borrowers to go to the nearby town and process the withdrawal of voluntary savings, which they believe is time-consuming. Yet, compared to the OMFI borrowers, a relatively higher proportion of the ACSI borrowers have a MFI saving account.

Table 8. 6 Frequencies and proportional distribution of respondents by the MFI and place of loan-related voluntary savings.

Voluntary savings	ACSI		OMFI	
	Frequency	%	Frequency	%
1. Equip or friends	22	69	24	93
2. Above and MFI	10	31	2	7
Total	32	100	27	100

Source: Household Survey 2004.

Note: There is no significant (only 20%) difference in the distribution between ACSI and OMFI observations (Chi-square test).

In-depth interviews and group discussions also revealed that the long-time OMFI borrowers save loan-related income mostly in the form of cash, especially with the *eqquip* (the Rotating Saving and Credit Association) and with relatives. Individual cases show that women save up to ETB 30-50 per week. For example, a long-time OMFI borrower mentioned the increase in her savings from ETB 2.50 per week before she gained access to credit, to ETB 50 per week after she diversified her independent economic activities due to her gaining access to credit. There were women who became a member of more than one ROSCA to diversify their savings. There are also cases in which women practiced clandestine saving (hiding earnings from their husbands) to cover familial as well as their own emergency needs, and to help family members. For example, one long-time OMFI borrower mentioned that she saved about ETB 2000, hiding it from her husband in order to establish a business for her son. Savings are often used for re-investment in business and as a security in case of emergency. Particularly on the OMFI study location, women used loan-related (independent) income and savings for assets such as poultry, goats/sheep, calves, heifers, etc. For women, savings and building their own assets are strategic actions, especially in a context in which women's right over household property is very limited, as was the case on the OMFI study location.

Investing in extra-household networks or social capital: poor people hardly access formal insurance to protect themselves at times of crises. As a result, to invest in a social network is an important livelihood strategy for such people, in order to access financial (and also social) resources, particularly in times of need (Narayan et al, 1999; World Bank, 2001). In both the Amhara and the Gurage communities, great social and economic value is attached to being a member of informal social institutions such as the *iddir* (funeral and mourning association) and women's networks among kin, friends, and neighbours. Social support systems among the Gurages were found to be strong. For example, a household in this community can be a member of five *iddirs*, while on the Amhara study location, households often have only one *iddir*. This has financial implications for the household. Although traditionally, it is men who are expected to pay *iddir* fees, women on both studied locations have begun contributing their independent income in this area and, as a result, have taken over more responsibilities.

Increased independent earnings also enabled women to strengthen their own social ties, and improve their social standing within the community. During in-depth interviews, several women emphasized the importance of their borrowing for improving their financial ability to provide gifts to other people at times of weddings, mourning, maternity, etc. This in turn had improved women's confidence and social standing, as the following testimonies vividly portray:

“It is obvious that if you have money, you will have friends and relatives. We have more friends and relatives because we have money now. However, when you do not have money, people will not come to you, as you would not visit them. However, now [after access to credit] thanks to God, I can reasonably participate in the same activities even though I do not need to spend much” (WT).

“Well, I can go to a wedding ceremony with gifts. In the past, my resources were very limited and I could not do what I liked to do. Now I freely go to such occasions and give wedding gifts to people. Therefore, my social interactions are better now, because I have finances through my trades. My contribution to other people’s affairs has increased now, and so has my living standard” (WD).

As the account of the first woman indicates, poverty seemed to restrict poor women’s participation in mutual social networks, as their poverty makes them unable to reciprocate. This is crucial, because transfers, gifts, or loans between network members operate with an anticipation of reciprocity (World Bank, 2001).

Other household expenditures: children’s clothing, education, and medication are the other, non-traditionally female expenditures that women business operators started covering, particularly after gaining access to credit. Although women’s credit appears to intensify child labour, particularly that of female children, as we discussed earlier, borrowers seemed to offset this by addressing the schooling and clothing needs of their children. In this regard, one long-time OMFI borrower told us how she favours her daughter who assists her in her work. She said, “....especially for my daughter, because she works for me. I properly dress my daughter with fine clothes”.

c. Loan repayment responsibility

Table 8.7 displays the survey findings regarding the loan repayment responsibilities within the ACSI and OMFI borrowers’ households. As indicated in the table, over half (59%) of the female ACSI borrowers reported that men and women feel “equally” responsible for the repayment of the ACSI’s loans. In addition, nearly a third (31%) of the female ACSI borrowers indicated that they feel primarily responsible for the repayment of ACSI’s loan, compared to men within the household. Only 8 percent of the ACSI borrowers reported that their men feel more responsible for the loan repayment compared to women, while in one percent of the cases an individual other than the couple was reported to be responsible for ACSI’s loan repayment. On the other hand, nearly half (45%) and a fourth (23%) of the OMFI borrower respondents reported that women and men feel a primary responsibility for repayment of the OMFI’s loan, respectively. In about a third (32%) of the cases, both men and women are reported to feel “equally” responsible for the loan repayment.

Table 8. 7 Frequencies and proportional distribution of respondents by MFI and loan repayment responsibility.

Responsible	ACSI		OMFI	
	Frequency	%	Frequency	%
Men	7	8	13	23
men and women jointly	52	61	18	32
Women	27	31	25	45
Total	86	100	56	100

Source: the survey findings of 2004.

Note; there is no significant difference between ACSI and OMFI observation (Kolmogrov-Smirnov Test).

As indicated above, the loan repayment among the ACSI borrowers' households falls primarily under the joint responsibility of men and women, followed by women's independent responsibility. This finding was supported by in-depth interviews with men (seven). Six of the men noted that men and women feel "equally" responsible for the repayment of ACSI's loans taken by women, and one man noted that his wife feels more responsible for the loan she took from the ACSI. According to a group discussion with the long-time ACSI borrowers, female borrowers work hard, primarily in order to fulfil their loan repayment obligations.

On the other hand, as displayed in the table above, on the OMFI study's location, women borrowers seemed to feel more responsible for the repayment of the OMFI loans, followed by men's and women's "equal" responsibility. In-depth interviews with men revealed that OMFI long-time borrowers who used part of their loans to generate independent income, feel primarily responsible for the repayment of the loan they took from the OMFI, compared to OMFI short-time borrowers. This was because the OMFI long-time borrowers had significant control over the use of the loan funds (Chapter 6) and contribute more labour to the loan-funded enterprises (Chapter 7) compared to men. When such women encounter loan repayment problems, they get financial assistance from their husbands. For example, an OMFI borrower husband said, "she [his wife] is responsible for settling her loan [OMFI]. But when she gets a loss, and is unable to repay the loan, I help her settle the loan. Another man in a polygamous household said, "she [his wife] is responsible for the repayment. So, I advise her to handle the money with care. But, when she doesn't have enough [to settle the loan], I add some money and we repay the loan. So, we cooperatively repay our debt".

On the OMFI study location, group discussants noted that men shared or assumed loan repayment responsibility because they were co-signatory for their wives' loans. In addition, men are considered to be responsible for the loan repayment because of their role as the "head" of the household.

The study also looked into the main sources of loan repayment for the ACSI and OMFI borrower households. Both the survey findings and the in-depth interviews demonstrated that the main source of loan repayment for the borrowers of the two institutions is the loan-funded enterprise. This does not necessary mean, however, that borrowers repay their loans from the profit generated by the loan-funded enterprise. This is because, as indicated in Chapter 5, in most cases the profit generated through the loan fund hardly covers the principle (the loan fund) and the interest on the loan. As a result, households mostly repay their loans by selling the loan-funded livestock itself. The economic activity that borrowers undertake is highly dependent on a continuous injection of capital: a loan from the

microfinance institutions. It was found through the in-depth interviews that households also repay women's loans by selling crops (such as grain), especially when they want to retain the loan-funded enterprise (such as livestock), when they used the loan fund for non-productive investments (such as house construction, medical expenses) and when they have encountered problems with loan-funded enterprises (e.g. the loss of animals).

During the group discussions with the ACSI and OMFI credit group members, it was found that credit group members also assume loan repayment responsibility if a member is unable to repay her loan on time, or if she defaults. Two of the approached ACSI related credit group members repaid loans for members who failed to settle their loans on time, but they got their money back from the defaulted members later on. Those who experienced loan repayment problems settled their loans by renting out their farm plots or by borrowing from local moneylenders. The in-depth interviews identified loan repayment problems as one of the reasons for women to end their credit group membership.

d. Compulsory saving responsibilities

The other aspect of responsibility that emerged in association with women's borrowing is compulsory savings. It was indicated in Chapter 4 that both ACSI and OMFI need their credit clients to save a certain amount of money on a monthly basis. Such savings are used by a lending institution if a member of a given credit group fails to repay a loan on time. ACSI borrowers save 10 percent of their loans as compulsory savings, and the size of the compulsory savings for the ACSI borrowers ranges from ETB 10 to 30, while for OMFI borrowers, it was ETB 6, independent of the size of the loan fund.

Table 8.8 presents the sources of the compulsory savings for the ACSI and OMFI borrowers' households. For the ACSI borrower's households, the sources of income for the monthly compulsory savings include both loan-funded and non-loan-funded household enterprises (69%), women's own non-loan-funded enterprises (23%), women's own loan-funded enterprises (5%), the loan fund (1%), and other sources (2%). For the OMFI borrowers' households, the sources of income for the monthly compulsory savings are women's own non-LF enterprises (32%), household enterprises (22%), women's own LF enterprises (16%), the loan fund (14%), spouses (14%), and other sources (2%).

Table 8. 8 Frequencies and proportional distribution of respondents by MFI and source of compulsory savings.

Source	ACSI		OMFI	
	Frequency	%	Frequency	%
Own LF enterprise	4	5	9	16
Own non-LF enterprise	20	23	18	32
Household enterprises (both loan-funded and non-loan-funded)	59	69	12	22
Spouse	-	-	8	14
The loan fund	1	1	8	14
Other sources	2	2	1	2
Total	86	100	56	100

Source: the survey findings of 2004.

Note: no statistical was done for reasons mentioned in footnote 82.

The above table shows that a considerable proportion of the ACSI borrowers' households deposit compulsory savings from the income generated through household level enterprises (both loan-funded and non-loan-funded), followed by income from women's own non-loan-funded enterprises. In the case of the OMFI, on the other hand, a relatively significant proportion of borrowers fulfil their compulsory saving obligations from their own non-LF enterprises, while others use various sources. A relatively significant proportion of the ACSI borrowers reported that the household level enterprises provided the major source of cash income for compulsory savings compared to the OMFI borrowers' households. A significant proportion of ACSI borrowers used household level enterprises for compulsory savings compared to OMFI borrowers. There are three possible reasons for this. First, the Amhara women were able to use such earnings because they had more or less equal rights over the income from such enterprises, compared to the Gurage women. Secondly, men and women may be jointly responsible for compulsory savings since the ACSI's loans were mainly invested in livestock fattening, which is a household level enterprise. Finally, households or individuals on the ACSI study's location had limited non-farm economic opportunities compared to the OMFI study's locations.

In-depth interviews with the ACSI and OMFI borrowers showed that women use their independent income for compulsory savings, whether they invest their loans in independent economic activities or not. The compulsory savings responsibility adds an additional burden on women because they have to work more to generate income for such savings. As one ACSI borrower described it: "to me, it [access to credit] is a load. Each month, I worry about the saving. But he does not care". Some ACSI borrowers noted that they used their independent income for compulsory savings because they did not want to sell grain. However, this new responsibility may still undermine women's other expenditure responsibilities to the household and themselves.

In conclusion, microfinance provided to women is likely to increase women's responsibilities for loan repayment and compulsory savings compared to those of men. These financial responsibilities may intensify anxiety among women and may oblige women to labour more, in order to generate earnings to repay their loans and maintain their compulsory savings.

d. Women's expenditure role and marital conflicts

The previous subsection discussed how women's access to credit and increase in independent income affected expenditure responsibilities within the household. Both the survey and the qualitative findings showed that loan-related income increments were largely used (directly or indirectly) to improve household food consumption, suggesting that access to credit indeed helps women to address their traditional expenditure responsibilities within the household, and to contribute to household food security. Additionally, loan-related independent income enabled women to address some of their strategic gender needs (savings, assets, jewellery, and social networks). The contribution of loan-related earnings to children's schooling and clothing, the family's health, and the family's social network was also evident, particularly from the qualitative findings that suggest an expansion in women's expenditure role within the household and their taking over of traditional male responsibilities.

In-depth interviews and groups discussions examined whether women contribute their independent income to the household voluntarily or under pressure by men. The findings suggest that women contribute their independent income to the household willingly. For instance, focus group discussants on the OMFI study location strongly stressed the absence of expenditure pressure from their husbands. On the other hand, women employ different strategies to avoid expenditure demands from their husbands. One long-time OMFI borrower explained how she deliberately asks money from her husband to remind him that he contributes to the household expenditure. Moreover, the fact that women have clandestine savings and independent assets may also suggest that they systematically circumvent extensive expenditure expectations from the household members. This could be because they are aware of the risk of taking over too many male responsibilities.

The in-depth interviews also explored the effects of women's economic independence on marital conflict. In the context of poverty and gender inequality within the household, women's financial subordination to men and their request for money used to result in disagreements and marital conflicts. According to in-depth interviews, before women's access to credit, some households in the Gurage study area used to experience domestic arguments and conflicts on financial matters. Women's access to credit and the related income expansion was instrumental in reducing women's financial dependency on men, and consequently also in reducing domestic conflicts. The testimonies of two long-time OMFI borrowers illuminate how marital conflict over finances began to decline because of the change in women's financial status or their independence within the household.

"... before I joined the programme, there was a lot of quarrelling between us [the couple]. I used to ask him [her husband] for money, and he did not want to give it; that usually led to conflict. Now [after gaining access to credit], however, because I work and get money, I do not need much from him. I just do what I want by myself" (BB).

"...in the past, we were having conflicts because of our poverty. We were grumbling and complaining because of the lack and that used to lead us into conflict. ... We were usually quarrelling because he [her husband] was not giving finances for the various needs of the family. It is not the custom of this area for a man to cover the daily expenses of the household. The woman toils a lot to cover those expenses" (WW).

From the above discussions several issues emerged regarding household expenditure patterns. First, the change observed in the expenditure responsibilities among some of the ACSI and OMFI borrowers is suggestive of the fact that women's access to credit indeed increases the income for some women. It is because of the increase in their independent earnings that women were able to widen the scope of their expenditure responsibilities

within the household. Second, in particular the OMFI borrowers, who used loans for independent off-farm income-generating activities, derived benefit from their independent income, not only as a member of the household but also personally, as the owner of the money. This was possible most importantly because they used their loans to finance independent economic activities. Women's expenditures on personal savings, assets, children, and social networks may enhance women's fall-back position within the household, improve their self-confidence, and raise their social standing within the community. Some women confidently described the change in their status as follows: "I can now do what other people do. So I am not behind other people". "I am at equal status with friends".

8.3.3 Change in household decision-making

In the research areas, households make decisions about a variety of issues, including the selling of crops, the selling and buying of livestock, the education of the children, clothing, labour allocation, mobility, fertility, house construction, land rent, the children's marriage, etc. Some decisions (e.g. the children's marriage, house construction) are made less frequently and are not relevant to every household. Day-to-day decisions, such as the buying and selling of small items, are often carried out by men and women independently, without explicit discussions and negotiations, following their traditional "independent" income streams and expenditure responsibilities. For example, a man may sell trees to buy meat for holidays, or a woman may sell chicken to cover domestic expenses. Decisions that are regularly implemented by most households in the study areas include the selling of grain, the buying and selling of livestock, the education of the children, clothing, and labour allocation. I focused on these types of household decisions because they are very crucial in the lives of the poor, as they revolve around household economy and finances.

Table 8.9 summarizes the results of in-depth interviews concerning intra-household decision-making among the ACSI borrowers' households. It was already mentioned in Chapter 4 that the normative household decision-making in the Amhara study area was characterized by a more or less "joint" decision-making process by couples, with some male dominance. For example, a man may sell household crops in relatively larger quantities, partly because of his more sizeable expenditure responsibilities compared to a woman, who may sell crops in small quantities to cover daily domestic expenses. As indicated in the table, household decision-making among the ACSI borrowers' households was characterized by "joint" decision-making by men and women, with some individual independent decision-making. The table shows little difference in decision-making power between the short-time and long-time ACSI borrowers. In both cases, household decisions are predominantly made by men and women together. The majority (10 out of 12) of the ACSI borrowers we interviewed in-depth rarely attributed their current decision-making status to their access to credit. Only few women and men mentioned that women's access to microfinance services had contributed to women's increased decision-making within the household in the areas of the sale of crops and livestock, labour allocation, and the clothing of children. One of the women described the change in her decision-making as follows:

"...it is since I joined the saving programme that I started to control him [her husband] and I came to realize some things about money. Before that, I was not conscious even whether he squanders the money. That is a change to me".

Access to credit and participation in credit societies may have strengthened the prevailing "egalitarian" decision-making within the ACSI borrowers' households. Especially women's exposure and interactions outside the household may have improved women's voice within

the household. For example, one of the men mentioned earlier described the change observed in his wife as follows:

“...I have realized that her attending meetings and seminars has helped to broaden the scope of her [his wife] thinking. She [his wife] talks about things that she was not previously thinking and talking about, for example the rights of women and men”. (SB)

Table 8. 9 In-depth interview summary of decision-making within the ACSI borrowers’ households.

Description	Short-time borrower			Long-time borrower		
	Women	Men	Joint	Women	Men	Joint
Selling of grain	√	√	√√√	-	-	√√√
Selling/buying livestock	√	√√	√√√	-	-	√√√
Clothing	√	-	√√√	-	√√	√√√
Education of children	√	-	√√√	-	√√	√√√
Labour allocation	√	-	√√√	-	√	√√√

Source: in-depth interviews conducted in 2005.

Note *: √ represents not very common; √√ common; and √√√ very common decision-making.

Table 8.10 presents the results of the in-depth interviews concerning household decision-making arrangements within the OMFI borrowers’ households. The result shows that household decision-making among the OMFI borrowers regarding the selling of grain, the selling/buying of livestock, clothing, the education of the children, and labour allocation is made either by the man or jointly by the couple. As the table indicates, there is clear variation between the short-time and the long-time borrowers regarding the patterns of decision-making. In the former, men appeared to exercise more decision-making authority in all decisions, while in the latter, men’s influence was limited to selling grain, and selling and buying livestock. This means that the long-time OMFI borrowers tend to have relatively more voice in household decision-making compared to short-time borrowers.

As mentioned repeatedly in this document, on the OMFI study location, men traditionally exercise considerable authority in household decision-making. Yet, access to credit appeared to be instrumental for the long-time OMFI borrowers to participate in major household decisions related to crops, livestock, and the children’s schooling and clothing. In one of the studied *Kebeles*, focus group discussants compared their decision-making power with non-credit programme beneficiaries regarding household production. These women indicated that they are involved in decisions regarding the disposal of household agricultural products, unlike non-credit group participants who “steal crops during harvesting, as they do not work and trade”. However, the effect on short-time borrowers was limited. As already pointed out, men tend to dominate decisions on agricultural products, and education and clothing of children among the short-time OMFI borrower households. And none of this group interviewed in-depth reported any change in their decision-making power because of their access to credit. For example, a woman from this group said she had limited right over household agricultural products and, as a result, she generates cash income by gleaning or gathering usable leftover (*karmia*) from the household pepper field after the harvest. This practice clearly demonstrates that this woman does not control the household grain.

In-depth interviews also revealed that the long-time OMFI borrowers in particular are “valued” as important partners in decision-making within the household. This was partly

because of their vital economic contribution, which was central to addressing problems involving finances. Women's access to credit and their involvement in economic activities also contributed to women's entrepreneurial skills and business experiences, which in turn enhanced their voice in household decision-making, as the following testimony suggests.

"In the past, I didn't have knowledge of the market. So not only my husband, but I myself wanted to sell what we had in the home. Now I know what makes profit and what makes a loss. I stopped selling our items spontaneously. I have even managed to control him, that he wouldn't sell our properties unwisely" (SY).

Although the above woman was engaged in some kind of business even before she joined the OMFI credit group, it seemed that she became more aware and acquainted with economic cost-benefit analysis after she joined the OMFI credit group. Similar remarks were made by other business women.

Unlike in the previous chapters, there was no clear distinction in household decision-making arrangements between polygamous and monogamous households. This could be partly because the number of polygamous women included in this chapter was smaller compared to the previous chapters, which included programme dropouts.

Table 8. 10 In-depth interview summary of decision-making within the OMFI borrowers' households.

Decision	OMFI borrowers					
	Short-time borrower			Long-time borrower		
	Women	Men	Joint	Women	Men	Joint
Selling grain	-	√√√	√√	-	√√	√√√
Selling/buying livestock	-	√√√	√√	-	√√	√√√
Clothing	-	√√	√√√	-	√√	√√√
Education of children	-	√√	√√√	-	-	√√√
Labour allocation	-	√√	√√√	-	-	√√√

Source: in-depth interviews conducted in 2005.

Note *: √ represents not very common; √√ common; and √√√ very common decision-making.

Finally, two major conclusions can be drawn about household decision-making in relation to the ACSI and OMFI borrowers' households. In the Amhara study area (ACSI), women's access to credit did little to alter household decision-making arrangements, as women in the area are traditionally involved in household decision-making processes, although not on equal terms with men. In the Gurage study area (OMFI), the independent income contribution of women (long-time or repeated borrowers) to the household and their entrepreneurial talents appeared to enhance their voice in household decision-making. However, in most areas, men still play a significant role in household decision-making, even after women have gained access to microfinance services.

8.4 Concluding remarks

The evidence presented above shows that the outcome of microfinance interventions targeting married women may vary systematically, depending on the institutional contexts in which women's lives and gender relations are embedded. In-depth interviews show that

women's access to credit for investment in livestock was instrumental in facilitating poor men's practical gender role in crop production. Prior to women's access to credit, the very poor households used to acquire draught animals for crop cultivation through various arrangements for livestock rental and sharing, including an "exploitative" labour-for-livestock arrangement with relatively richer farmers. Such arrangements used to delay the timing of agricultural activities, which access to credit in part addressed. The study also found that, for some women, access to credit resulted in a reduction or withdrawal of their labour from crop farming. This was mainly observed among long-time OMFI borrowers who invested part of their loans in independent economic activities. The change observed in women's crop farming role could be explained in terms of the economic importance of women's off-farm income to their bargaining power regarding the use of their time within the household. Another, practical reason is that such women mostly spend their time on market activities.

On the other hand, in the area of the gender division of work, the study shows that microfinance programmes are likely to perpetuate gender inequalities, by inducing women to devote more time to the loan-funded economic activities and by increasing their workload compared to that of men. This was because female borrowers take up new tasks or expand their economic roles within the household, while they remain primarily responsible for the bulk of domestic activities, with assistance from their daughters. Women's market involvement has also intensified the use of female child labour within the household. As this study shows, a redistribution of domestic chores was observed between female household members, not between genders. Although in few cases, men tend to assist in domestic activities, the situation did not lead to a reallocation or renegotiation of domestic tasks between gender groups to bring more equality. As a result, especially for repeated borrowers, combining domestic work and loan-related activities became a big challenge. Such competition was one of the reasons for women to end their credit group membership on both the ACSI and OMFI study locations. As most negative evaluators concluded, microfinance targeting women indeed does increase women's workload. Even so, in the contexts of starvation and deprivation, women may not consider a loan-induced workload as a serious problem, because the work pays off and their economic situation is much better than before. It is worthwhile for women to do so much work because now there is enough food, whereas that was not the case before. Thus, they are willing/ready to pay the price and cannot afford not to pay it. However, the little emphasis given by women to their workload needs to be interpreted carefully, because their analysis may have been the result of their socialization and gender ideology. As Sen (1990) has argued, "it can be a serious error to take the absence of protests and questioning of inequality as evidence of the absence of that inequality (or of the non-viability of that question)" (pp 126). The increase in women's work burden and girls domestic responsibilities calls attention to what Goetz and Gupta (1996) describe, "...a second-generation-problem; the first-generation problem having been managing institutional changes in order to provide for women's access to credit in the first place". Development programmes need to design strategies to avoid an unintended negative outcome and maximize on the positive outcome to achieve a sustainable result in people's lives. Otherwise, the result will be a vicious circle of poverty, because of the heavier workloads and small net benefit for some women, and because others (girls) bear the cost. The debate on the literature should also focus on how to overcome such a development challenge.

The study has found that income from the LF livestock enterprise was used to address men's and women's traditional expenditure responsibilities within the household. However,

the loan use on women's independent income-generating activities had led to the expansion of women's expenditure responsibilities and decision-making within the household. Most repeated OMFI borrowers were able to establish independent businesses, because they joined credit groups at the time that the OMFI extended loan products to finance microbusinesses, such as petty trading. Access to credit enabled such women to raise (or generate) their independent income, thus contributing to the household and improving their independent asset ownership, savings, and social networks. These women started to exercise some authority over the allocation of their labour, to expand their expenditure domains, and to participate in decision-making within the household. In a relatively "egalitarian" society, as is the case in the ACSI study area, women's borrowing had a limited effect on women's decision-making status within the household, because they are mostly viewed as a more or less "equal" partner in household decision-making anyway.

The study indicates that, despite the fact that the loans are given to the household level enterprises, both ACSI and OMFI borrowers feel primary responsibility for the loan repayment and the monthly compulsory savings. These new financial responsibilities are more likely to intensify both women's concern and their workload, and undermine women's other expenditure responsibilities.

The study has two major findings with policy implications. First, microfinance programme outcomes are likely to vary, depending on institutional contexts (socio-cultural, economic, and microfinance policies). Second, women's access to microfinance services may positively transform some aspects of gender relations (expenditure responsibilities, household decision-making, women's economic independence) while perpetuating other aspects (domestic labour, the workload, loan repayment and compulsory savings). Hence, policies and programmes that intend to narrow gender gaps through the provision of credit to women need to analyze and consider local circumstances and institutional constraints in programme designs. Further in-depth research is needed to understand and compare the impact of women's access to microfinance services on intra-household gender relations in different contexts (within and across nations).

CHAPTER 9 CONCLUSIONS, POLICY RECOMMENDATIONS, AND SUGGESTIONS FOR FURTHER RESEARCH

This chapter presents the main conclusions, the policy recommendations, and the suggestions for further research. The chapter consists of two sections. In Section 1, the objectives of the research and its contexts are briefly described, followed by the presentation of the study's main conclusions, in line with the research questions. Section 2 presents the policy recommendations and the suggestions for further research.

9.1 Conclusions

9.1.1 The research objective

The objective of this study was to investigate if and how microfinance targeted to married women may affect the division of labour and of decision-making power within the household. The study emphasized women, in recognition of the recent development policies that stress the need to target resources (or at least microcredit) to poor women, in order to contribute to the goals of poverty reduction and women's empowerment. Moreover, the study focused particularly on married women, to provide a better understanding of how such policy intervention may influence the prevailing gender hierarchies at the household level.

The study adopted an exploratory comparative case study research strategy, because variations in institutional contexts were expected to influence the outcomes of microfinance programmes differently. A combination of quantitative and qualitative research methods and data collection techniques was used in order to explore the complexities and the dynamic involved in intra-household arrangements.

The study focused on two microfinance institutions in Ethiopia, namely the Amhara Credit and Saving Institution (ACSI) and the Omo Microfinance Institution (OMFI), which are operational in the States of the Amhara and the Southern Nations Nationalities and Peoples' (SNNPR) regions, respectively. In the Amhara region (ACSI), the study was conducted in the Mangudo *Kebele*, located in the Moretena Juru district, in the North Shoa Zone. In the SNNPR, the study was carried out in the Dirama-Shershera, Wita and Wolenshu-Aned *Kebeles*, located in the Meskan district, in the Gurage zone.

The studied ACSI and OMFI districts and *Kebeles* differed in various ways, including ethnicity, religious affiliation, forms of marriage, the source of livelihoods, and the normative gender divisions and level of adherence to social norms, among others. The population of the Mangudo *Kebele* (ACSI) belongs to the ethnic group of the Amhara. Orthodox Christianity and the monogamous form of marriage are very common in this *Kebele*. The population of the Dirama-Shershera, Wita and Wolenshu-Aned *Kebeles* (OMFI) belongs mainly to the Gurage ethnic group. In these *Kebeles*, Orthodox Christianity and Islam are the main religions, with some Protestant Christians. Both monogamous and polygamous forms of marriage are practised in the area, although the latter is being abandoned in recent years.

The main sources of livelihood for the households in the studied ACSI *Kebele* were mixed crop and livestock farming. The people in the area produce mainly annual food crops (e.g. cereals, pulses) for subsistence and for the market. Livestock fattening was a lucrative business on the studied location, while non-farming economic opportunities were very limited. In contrast to the ACSI study location, the agricultural sector on the studied OMFI location was more diversified. Here, households produce different kinds of annual (e.g. cereals, pulses) and perennial (e.g. *fruits*) food crops for subsistence and for the market, and grow cash crops as well, such as khat, pepper and coffee. Livestock husbandry was also part of the agricultural system and the source of additional income. Moreover, the non-farming income-generating activities (e.g. trading and handicrafts) were vital sources of income, both for individuals and households.

The gender relations in the Amhara (ACSI) and the Gurage (OMFI) study locations also differed, at least in three important ways. Firstly, women on the Amhara study location played a significant role in the agricultural sector compared to women on the Gurage study location. Secondly, women on the Gurage study location were extensively engaged in market-oriented activities (especially trading) to generate independent cash income, while women on the Amhara study location rarely engaged in market activities. Finally, women on the Amhara study location had better rights and more decision-making power with regard to household property (e.g. land, agricultural produce) compared to women on the Gurage location.

9.1.2 The main findings

The key findings of the study are summarized in line with the specific research questions.

Question 1: *Does women's participation in a microfinance programme affect decision-making patterns within the household and, if so, how?*

The study attempted to respond to this specific question by examining decision-making arrangements on the uses of the loan funds and related earnings, and other household matters (the sale of grain, the sale and purchase of livestock, the education and clothing of the children, and labour allocation) within the ACSI and OMFI clients' households. The study shows that the female ACSI and OMFI borrowers have limited decision-making power over loan use decisions within the household, while they have significant authority over the uses of enterprise earnings, compared to their husbands. In addition, the study found that, especially in the OMFI study location, loan-induced increased independent income has enhanced women's decision-making power over the sale of grain, the sale and purchase of livestock, and the education and clothing of the children.

Decision-making on loan uses: the survey findings show that female borrowers from both ACSI and OMFI have a limited influence on the uses of the loan fund within the household. The proportion of women who have a significant influence on the uses of the loan fund was limited to 30-33 percent, while the proportion of men who have a significant influence on loan use decisions was about 43-47 percent. In about 21-27 percent of the cases, men and women were reported to "jointly" determine the use of the loan fund. However, women expected that they would have been less involved in the decision-making if loans had been given to men. This means that the proportion of women who would influence loan use decision-making would then have been much lower. The study shows that women have gained some authority over loan use decision-making because they took the loan in their

own name. However, taking the loan in their name has not ensured women's full authority over its use within the household.

Decision-making on loan-funded enterprise earnings: the study found that both the ACSI's and the OMFI's female borrowers have significant authority over the uses of the income generated through the loan-funded (LF) enterprises within the household. Nearly half (44%) of the female ACSI borrowers have considerable authority over the LF livestock-fattening enterprise earnings, compared to less than a fourth of the men who exercise a similar level of influence. In about a third of the cases, the female ACSI borrowers and their spouses reported to make "joint" decisions. In the OMFI study location, women (47%) and men (45%) exercise an almost similar level of influence over the uses of the income from the LF livestock-fattening enterprise, while in about 8 percent of the cases "joint" decision-making by couples was reported. Among the female OMFI borrowers, on the other hand, who used the loan fund to finance independent off-farm enterprises, the majority (77%) has full control over the income generated from such an enterprise.

Decision-making on other issues: the findings of this study show that the ACSI's intervention has not significantly altered the prevailing intra-household decision-making about the sale of crops, the sale and purchase of livestock (non-loan-funded), the clothing and education of children, or the allocation of labour. Only in a few cases, the female ACSI borrowers attributed the improvement in their decision-making power to their access to microfinance services and related awareness. On the Gurage study location, on the other hand, the study demonstrates that women's access to credit has significantly contributed to women's decision-making authority in the areas of the sale of crops, the sale and purchase of livestock, the clothing and education of the children, and labour allocation. As was mentioned earlier, this change has been observed among long-time OMFI borrowers who used loans for independent economic activities, and who contributed their independent income to their households.

Question 2: *Does women's participation in microfinance affect intra-household labour divisions and responsibilities and, if so, how?*

The study found that the ACSI and OMFI interventions have hardly transformed the existing gender division of household labour. Rather, they have reinforced women's workload, their responsibilities, and the gender typing of activities. The interventions have increased women's workload within the household, as women have had to adopt new (expanded) work in the livestock-fattening and off-farm income-generating activities, while they have also kept all traditional female responsibilities. This has furthermore resulted in an intensive use of female child labour, especially with regard to household chores and child care activities. It was only on the OMFI study location, that women who used their loans for independent income-generating activities have been able to negotiate the uses of their labour in farm work. Furthermore, access to microfinance services has expanded women's expenditure domains (especially for the OMFI borrowers) as well as women's responsibilities for loan repayment and compulsory savings.

The workload: the study demonstrates that women's access to microfinance services has increased the workload for women within the household, compared to that of men. It was found that the female ACSI borrowers have a considerable labour involvement in the LF livestock-fattening enterprise in comparison to that of men. Similarly, the female OMFI borrowers have a significant labour input in the LF enterprises, particularly in the off-farm LF enterprises, in comparison to men. The women who used the loan fund in diversified

off-farm income-generating activities have had to spend more time in market-oriented activities, receiving little direct support from other household members other than their daughters.

The task division in livestock fattening: women's access to credit has not transformed the traditional gender division of tasks in the livestock-fattening enterprise. Female borrowers from both ACSI and OMFI are mainly involved in the routine, home-based and low status tasks, while men, on the contrary, are engaged in tasks which are less frequent, managerial, and taking place in the public sphere. Women's involvement in livestock marketing is very limited. The study found that males and females will only engage in tasks that are socially "inappropriate" for their gender in the absence (or due to a shortage) of individuals normally responsible to do these tasks.

The domestic task: although female borrowers are increasingly involved in livestock-fattening or independent off-farm income-generating activities due to their access to microcredit, they continue to be primarily responsible for the domestic work. As a result, women have had to sacrifice their leisure and sleeping time in order to fulfil their traditional obligations in the domestic sphere. Moreover, girls have had to share or take over their mothers' responsibility at a very young age and, as a consequence, they have missed classes, and have had no time to study and play with their peers. It was only in limited cases that men assisted their wives in household tasks or child care activities. Women's child care responsibility has constrained women from scaling up their businesses, and it has become a reason for some women to drop out of the microfinance programmes.

Labour allocation in crop farming: women's access to credit has had two main effects on labour allocation in crop farming. First, due to women's access to credit for livestock, the spouses of ACSI borrowers (in one case the women and boys, too) could stop working on the land of relatively better-off farmers in exchange for a pair of oxen for crop cultivation. It has also facilitated men's farm responsibilities and timely undertaking of farm activities, by improving their access to draught animals. Second, on the OMFI study location, women traders have begun to withdraw their labour from crop farming because of an expansion of their independent income-generating activities. This is either because they have no time to spare for crop farming, or because participation in the programme has increased women's bargaining power over the use of their time.

The expenditure responsibility: the study shows that the earnings generated from the LF enterprises were used for expenses related to women's and men's traditional responsibilities within the household. Moreover, female borrowers who used loans for independent off-farm economic activities not only fulfilled their expenditure responsibilities, but they have also begun to contribute to traditional male expenditures, such as the education of the children, clothing, the social network, etcetera.

Loan repayment and compulsory savings: the study shows that both the ACSI's and the OMFI's female borrowers feel relatively more responsible for the loan repayment and compulsory savings compared to men, since they took the loan in their name. It is partly because of this responsibility that female borrowers have contributed relatively more labour to the loan-funded enterprises than their men did. In addition, both the ACSI's and the OMFI's female borrowers were found to use their own non-loan-funded enterprise income to fulfil their monthly compulsory saving obligations.

Question 3: Which factors related to the microfinance institutions facilitate or hinder women's participation in ACSI and OMFI with consequences for the intra-household allocation of both labour and decision-making power?

The study identifies key microfinance institutional arrangements that play a part in shaping the outcome of the ACSI's and OMFI's interventions regarding the intra-household division of labour and decision-making. These include the *targeting strategy*, the *type of loan product delivered*, the *co-signatory requirement for loans*, and the *centre and group meetings*.

The targeting strategy: the study found that both ACSI and OMFI promote a *targeting strategy* to "encourage" women to participate in their respective programmes, because powerful local customs constrain women's participation in the public sphere. In-depth interviews and groups discussions with the female ACSI and OMFI borrowers revealed that bringing the loan-fund in their name has contributed to women's authority over the uses of the loan fund and enterprise income within the household. Furthermore, this targeting strategy has increased women's labour contribution to the loan-funded enterprises, as well as their responsibility for loan repayment and compulsory savings.

The type of loan product: the study found that the type of loan product for which the loan fund was extended has affected the ways in which the household has allocated its members' labour and has made decisions. Both on the Amhara and the Gurage study locations, all "healthy" and physically "capable" household members have contributed labour to the LF livestock-fattening enterprises. This is because livestock fattening is an activity that is organized at the household level, under the overall management of the head of the household, who is socially privileged to mobilize household labour. In addition, as stated before, the agricultural loan product for livestock fattening has helped men to be free from working on the land of relatively richer farmers. Furthermore, the OMFI's past microloan product has increased women's engagement with and labour supply to their own market-oriented activities. This in turn has increased women's independent earnings and contribution to the family support. Consequently, it has strengthened their bargaining power within the household.

The co-signatory requirement: the study found that both ACSI and OMFI required the non-loan-taking spouse to be co-signatory for the loan-taking spouse. This strategy was promoted to ensure that couples' are "jointly" accountable for loan repayments. As a result, on both the ACSI and OMFI study locations, men have claimed a right over the uses of their women's loan funds and have influenced the uses of the loan fund within the household. Nevertheless, the study reveals that female borrowers bear relatively more responsibilities for the loan repayment and compulsory savings in comparison to men. As a result, women's independent income-generating activities (both loan-funded and non-loan-funded) are important sources of income for the monthly compulsory saving.

The non-financial service: the main non-financial services offered by the MFIs include the monthly centre meeting organized by ACSI and the credit group meetings by the OMFI. These meetings have made some contribution to the enhancement of women's self-confidence and women's voice in household decision-making. ACSI's awareness-raising campaign, conducted at the monthly centre meetings, has made some contribution to women's decision-making power, particularly over the uses of income from the loan-funded enterprises. OMFI borrowers, especially those who maintained their credit group

meetings, were found to exercise significant authority in various household decision-making processes (both loan- and non-loan-related) within the household, compared to those who did not meet as a group. This difference can in part be attributed to the OMFI's credit group meetings.

Question 4: *Which socio-cultural and economic characteristics of the research areas influence the allocation of labour and decision-making power within microfinance clients' households?*

The findings of the study have demonstrated how socio-cultural variables (such as gender, marriage, and age) and economic variables (such as the farming system, the type of economic activity, or women's land right) determine the effect of microfinancing on gender relations. The differences in these variables between the ACSI and OMFI study locations have resulted in a systematic difference in the two microfinance programmes' outcomes regarding gender relations. This study suggests that, due to socio-cultural variables, microfinance programmes have reinforced the locally prevailing gender division of labour within the household, instead of transforming it.

The social norm: this study reveals that social norms either facilitate or hinder the gender-transforming potential of microfinancing in several ways. First, men have influenced the labour allocation and household decisions, including the uses of loans and other household decisions, by virtue of their social status as the "head" of the household. Second, on the study locations, the prevailing gender norms regarding marketing have constrained women's livestock market engagement and, consequently, they have limited women's full control over the uses of the loan fund and related earnings. Even the Gurage women, who have a long-standing history of trade and commerce, are hardly involved in livestock marketing, because such a market is not a socially appropriate space for them to be seen in. The study shows that a few women, who succeeded in participating in the livestock market, are able to control the uses of the loan fund and related earnings within the household. On the other hand, women who used loans to finance independent income-generating activities, such as petty trading or food and drink processing, are actively involved in such markets and control their earnings, because it is socially acceptable for women to be involved in such markets. Third, social norms have dictated the type of tasks that men and women should undertake in the LF enterprises and other activities. As stated before, female borrowers are mostly involved in the most routine and low status jobs, as opposed to men, who are involved in less routine and managerial jobs. Moreover, women (and girls) continue to be responsible for the daily household maintenance and child care activities within the household, despite their increased productive roles due to the microfinance intervention. Fourth, variables such as age and forms of marriage have significantly affected programme outcomes regarding gender relations. On both the Amhara and Gurage study locations, older women have significantly more authority over loan use decisions than younger women. In addition, on the Gurage study location, women in polygamous relationships, especially senior co-wives, have significantly more authority over the uses of their loans, related earnings, and their labour contribution to the LF enterprises, than women in monogamous relationships.

The economic structure: the outcomes of the ACSI's and OMFI's microfinancing interventions are influenced by the structure of the respective local economies. A relatively larger proportion of women on the Amhara study location make a more significant labour contribution to the LF livestock-fattening enterprise than their husbands and their female

counterparts on the Gurage study location. This is because on the Amhara study location, livestock is vital to the local cash economy. It is also a labour-intensive undertaking that requires a great deal of traditional female labour. In addition, the Amhara women mostly remain around the homestead, available for this type of work, compared to their husbands and their Gurage female counterparts. On the other hand, the availability of off-farm economic opportunities for women on the Gurage study location has enabled a relatively larger proportion of the female OMFI borrowers to spend more time on independent market-oriented activities (mostly away from the homestead).

Furthermore, the study reveals that OMFI borrowers who have a right over the family plot have exercised a significant say over the income generated through the LF livestock-fattening enterprises.

Question 5: *To what extent and how does the HIV/AIDS pandemic affect the allocation of labour within microfinance clients' households?*

This study did not explicitly look into AIDS/HIV *per se* but examined any chronic disease and death experienced by the ACSI and OMFI clients' households. It was impossible to identify HIV-affected individuals and household for ethical reasons, and also because HIV/AIDS was not identified as a serious problem in the studied *Kebeles* in general and among the ACSI and OMFI clients' households in particular. The study concludes that mortality and morbidity, including the cases caused by HIV/AIDS, has not only led to the reallocation of household labour among household members (for different activities), but it may cause women to drop out of credit groups and to default as well.

The findings from the in-depth interviews revealed that, on the Amhara study location, male adult chronic sickness within the household obliges households to reallocate household labour among healthy household members, i.e. women and children. In addition, such households mobilize hired labourers and labour exchange groups to carry out traditional male activities in farm work, and the women have to divert some labour to care for the sick individual. Male adult chronic illness was found to lead to an intensive use of child labour, which in turn has a negative impact on children's schooling. Children have to miss class and/or have to postpone school enrolment in order to assist at home and in the LF livestock-fattening enterprises. Furthermore, because the women's labour and time has to be divided among various activities (including nursing the sick), the total amount of labour and time devoted to the LF enterprise becomes inadequate. This, in turn, negatively affects the success of the LF enterprise. With regard to chronic sickness of female borrowers, the study shows that women either shift female traditional tasks in livestock fattening to the children, or they completely withdraw from their credit group membership.

On the Gurage study location, the situation was slightly different, especially for borrowers who used loans for independent off-farm enterprises. The study found that any illness and death (both of adult males and non-adults) within the household obliges female borrowers to withdraw labour from market-oriented activities. This is because women provide care for the sick household member, as nursing the sick falls under their traditional responsibility. The ideology of care giving on this study location, however, goes beyond nursing the sick. It involves fulfilling social expectations as a "considerate" mother or wife by staying around the sick person, which is critical for such women's social reputation. Moreover, following the death of a spouse or a child, a female off-farm operator has to abandon market-oriented activities for three or more months in order to welcome visitors, and to demonstrate her grief for the deceased. Such a practice, however, hardly applies to a man if

his wife dies. In addition, the study found cases in which some female OMFI borrowers ended their credit group membership when they became seriously ill, or following serious illness and death within the household. The study suggests that health problems within the household also cause loan repayment problems.

9.2 Policy recommendations and suggestions for further research

9.2.1 Policy recommendations

The study identifies gender-responsive recommendations to be considered by policy makers and microfinance programme designers, in order to increase the contribution of microfinance interventions to women's empowerment and to minimize unintended negative effects on women and children. The study offers five main policy recommendations, which are: a) design locally specific loan products; b) design a strategy to ensure women's control over loans; c) promote women's access to the market; d) the need for greater social intermediation and skill development; e) the need for gender-responsive impact monitoring strategies; and f) child care services.

Design locally specific loan products: product development in the microfinance industry is dominated by the idea of "one product fits all", despite the fact that a loan product that is suitable for people in one socio-economic setting may not necessarily be suitable in another socio-economic context (Wright, 2004). In addition, men and women may not necessarily have a similar demand for a given loan product (Binns, 1998). This means that microfinancial product development needs to be client-responsive and should be developed based on market research, not as a blueprint replication. This study shows that both ACSI and OMFI supplied their clients with agricultural loan products for investment in livestock fattening, despite the variation in their respective programme areas in terms of economic and socio-cultural contexts. This study suggests that the development of a microfinance product should involve consultation with both women and men in a given economic context. For a woman, the appropriateness of a given loan product should be evaluated in terms of a woman's ability to determine loan uses, ownership of the enterprise, access to and control over the marketing of the produce, and over enterprise earnings and savings.

Design a strategy to ensure women's control over loans: development policy makers, donors, and governments have been increasingly targeting microcredit to poor women in the developing countries, recognizing women's limited access to resources within the household. However, women's control over loans and related earnings has received little attention in development policy and practice. As this study shows, women's access to credit does not always translate necessarily into women's control over loan uses and related earnings within the household. This further raises a concern about the potential, multiple effects of targeting credit to women, as women may not necessarily access and control LF enterprise income. Hence, microfinance programmes and policies need to promote strategies that ensure not only women's access to credit, but also their decision-making power over loans and related earnings within the household.

Development policy makers need to recognize that poor women and men may have separate responsibilities within the household. Accordingly, they may have different financial needs that should be independently addressed, enabling them to assume their responsibilities. However, ACSI and OMFI extended credit either to the man or to the woman within the household. As a result, when men are excluded from access to MFI credit, they usually persuade or force their wives to get loans, or they influence the uses of

their wives' loans. This suggests that failure to address men's financial needs may leave women in a worse position, by aggravating domestic conflicts and intensifying women's expenditure burden within the household (Binns, 1998). Therefore, microfinance policy makers should design a strategy to ensure that women have control over their loans and related earnings within the household. There is a need to enhance public awareness about women's equal rights and develop the capacity of women's credit groups in collaboration with other organizations, such as NGOs, government offices, and women's associations.

Promote women's access to markets: as mentioned in the previous section, both the ACSI's and the OMFI's female borrowers had limited access to livestock marketing for various reasons, including social norms, male dominance, and a lack of marketing skills. This is one of the reasons for women's lack of full control over the uses of the loan fund and related earnings within the household. Such a social barrier can be removed by encouraging women to participate in the livestock market, by making a requirement for households to involve women in livestock marketing, by raising women's and men's awareness about the importance of women's market participation, and by enhancing women's marketing skills. In collaboration with women's rights organizations, microfinance institutions can strengthen the ability of women's credit groups to undertake collective action, and to challenge such cultural barriers.

A gender-responsive impact monitoring strategy: as this study shows, women's access to microfinance services has resulted in an unintended negative impact, particularly on women and girls, and perpetuated gender inequalities within the household. The microfinance programmes have led to women's overwork, and a lack of sleeping and leisure time, both of which are dangerous for women's health. Moreover, female borrowers have had to shift part of their domestic responsibilities to female children, which in turn affects the well-being and education of girls. This means that the negative outcomes of microfinance may extend to future generations. Improving the position of adult women now endangers the position of the young generation and thereby the sustainability of change in women's empowerment.

Hence, development policy makers need to integrate a gender-responsive impact monitoring system, which will enable them to check periodically whether microfinance interventions are generating a negative effect on the lives of women and children, and then to design strategies to overcome such problems. Development is about bringing a sustainable change in people's social and economic lives for the better (Barnet and Whitehead, 2002). The past development policies and programmes have been criticized for discriminatory policies that were in favour of men. The current development policies and programmes, however, should not make another mistake by ignoring the various constraints that female borrowers may encounter in the process of translating their credit access right into more power and resources.

Social intermediation and skill development: group lending is a widespread form of social intermediation, promoted by microfinance institutions as part of the provision of microfinance services to poor people, and used as social collateral for loans. As this study shows, women's participation in credit-related meetings and their greater entrepreneurial skills increase the potential of microfinance for strengthening women's decision-making authority within the household. Microfinance programmes should keep up with this routine, as it is worth investing in it. They can use the existing institutional arrangements, such as centres and credit groups, to bring about attitudinal change with regard to gender

discrimination and business skill development, and to mobilize women for collective action. Microfinance institutions should not necessarily undertake all activities by themselves, as it may divert their financial intermediary function, but they can partner up with other organizations, e.g. community-based organizations (including women's associations), religious institutions, local governments, and non-government development organizations.

Child care services: despite the fact that female borrowers make a greater labour contribution to the LF enterprises than men do, they remain responsible for child care and domestic activities, with the help of their daughters. This has a negative impact on the women's health, their economic activities, their membership of the credit programmes, and the education of girls. Consequently, this will negatively influence the goal of poverty alleviation and women's empowerment. In order to facilitate women's active involvement in self-employment activities and to reduce the burden of women and female children, development policy makers should allocate more resources to the expansion of child care and kindergarten services in the rural and urban areas.

9.2.2 Suggestions for further research

Because of the exploratory nature of the research, this study has raised several issues for further exploration and methodological consideration. These include: a) assessing the impact of HIV/AIDS on labour allocation; b) issues of polygamy; c) researching microfinance programme dropouts; d) the need for further comparative study; and e) the need for a mix of research methods in microfinance impact assessment.

The impact of microfinance in an HIV/AIDS context: this study has only highlighted how chronic sickness and death within microfinance clients' households may potentially affect the household's labour allocation to the loan-funded enterprises. The direction of this study also shows that HIV/AIDS may negatively affect the success of microfinance clients, the profitability of the enterprises, and loan repayment practices. Further research is urgently needed in highly HIV/AIDS-prevalent rural and urban areas, to understand and estimate the effects of the HIV/AIDS pandemic on microfinance programme outcomes at the level of the individual, the household, and the MFIs. Specifically, this research should look at the following three questions. Firstly, how does HIV/AIDS affect the success of microfinance interventions? Secondly, how does the HIV/AIDS pandemic lead to the exclusion of certain groups from accessing microfinance services? Finally, what kind of financial services are suitable for HIV/AIDS-affected households?

The research has also demonstrated that it is important to better understand how 'normal' emergencies or risks, including sickness and death, the loss of loan-funded animals, etcetera, endanger the success of microfinance interventions at different levels. Such risks constitute the common causes of poverty and, at the same time, are a consequence of poverty. Although it is to be expected that "normal" risks influence the outcomes of microfinance interventions, little is known about it yet. More knowledge might allow us to develop specific services, like insurances for illness and death, burial, enterprises, etcetera.

Issues of polygamy: the study demonstrates that married women are not a homogenous group, and as a result, they are likely to be affected by microfinance interventions in different ways. A married woman can be a *de facto* "head" of a household due to abandonment, polygamy, and male out-migration. This research shows that resource management and various living arrangements in polygamous unions deserve further

investigation. Young co-wives may be in a disadvantaged position and may not benefit from microfinance programmes as much as senior co-wives (Mayoux, 2001a). In addition, women's increased economic independence and contribution to the household may encourage men to take additional wives (Johnson, 2005). Further research is required to understand the rights and obligations of different categories of women, and also to see how their life and relation are impacted by microfinance interventions.

The microfinance programme dropout: the advantage of retaining clients in microfinance is widely evident. However, client dropout is a widespread problem for microfinance institutions. Due to dropouts, microfinance institutions lose individuals with an extensive credit history, incur additional costs in the recruitment and training of new clients, while new group members may weaken group solidarity (Wright, 1997). The findings of this study suggest that the OMFI has a relatively higher incidence of client dropout compared to the ACSI. As this study shows, clients may end their credit group membership due to health problems and death, women's work burden, and loan repayment problems. It is also possible that clients may drop out of credit groups when institutions fail to address their financial needs (Wright, 1997). Further research is required to estimate microfinance programmes' dropout rates and to make a careful analysis of the reasons behind this dropout from a gender perspective.

The need for further comparative research: this study is one among the few studies that employ a comparative analysis. In contrast to previous research, this research has attempted to identify the potential factors that shape microfinance programme outcomes regarding gender relations. This allowed comprehending both the differences and the similarities in microfinance interventions' outcomes with regard to women's empowerment in different socio-cultural and economic settings. However, because of the limited number of observations and the exploratory nature of the study, it only offers insight into the direction, the potential determinants and the potential impacts of microfinance interventions on gender relations. The study suggests that variations in institutional settings might constitute the factors contributing to the conflicting/contradictory research conclusions in the existing literature. As a result, there is an urgent need for a comparative microfinance impact assessment study within and across nations to inform policy makers.

A mix of research methodologies: this study combined both quantitative and qualitative data generation techniques and analysis. The former approach was crucial for a comparative analysis, to offer information on prevalence, and to identify significant factors affecting intra-household decision-making and labour allocation. On the other hand, the qualitative methodology (which involved in-depth interviews, key informants, and group discussions) was important to understand the dynamic of different kinds of impact in its multifaceted nature and trends, and also to interpret the results of the survey data analysis.

To evaluate the different kinds of impact of microfinance interventions on gender relations or women's empowerment, this study recommends a large-scale survey research method, continuously supported by in-depth interviews and group discussions. Combining qualitative and quantitative research methods allows for a quantification, explanation, and structural analysis of intra-household resource allocation dynamics. A qualitative research approach is useful if a research objective is to gain a profound and in-depth understanding of the impact of microfinance in relation to one or two empowerment dimensions.

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Appendixes

Appendix 4. 1 The profile of microfinance institutions in Ethiopia (in ETB)

No.	Name	No of Active client	Loan outstanding	Client Savings	Total asset	Total liability	Total Capital	Regional* government backed MFI
1	ACSI	528,227	743,691,000	387,481,000	934,083,000	686,762,000	247,321,000	Amhara Region
2	ADCSI	92,515	166,037,000	50,045,000	238,188,000	80,005,,000	158,183,000	Addis Ababa City Administration
3	Aggar MFI	1,936	3,194,796	1,720,362	5,659,908	2,562,720	3,097,188	
4	Asser MFI	1,303	311,436	245,153	651,513	285,234	366,279	
5	AVFS	8,008	7,950,793	2,474,185	12,170,315	7,473,381	4,696,934	
6	Benshangul Gumuze MFI	20,428	3,571,350	15,799,704	25,073,246	168,327	24,904,919	Benshangul Gumuze
7	Bussa Gonofa	20,468	13,271,223	2,535,772	18,478,784	8,230,334	10,248,450	
8	DECSI	427,490	853,259,581	261,329,597	1,134,615,295	899,775,097	234,840,198	Tigray region
9	Dire Dawa MFI	4,609	4,671,977	1,277,861	15,869,993	5,222,956	10,647,037	Dire Dawa City Administration
10	Digafe MFI	621	583,410	778,580	1,078,140	859,380	218,760	
11	Eshet MFI	27,144	33,004,565	3,554,473	36,662,492	25,215,588	11,446,904	
12	Gasha MFI	9,168	13,448,207	5,128,240	18,645,028	14,087,138	4,557,890	
13	Ghion MFI	233	348,113	308,186	555,258	312,361	242,897	
14	Harbu MFI	6,012	3,849,005	1,611,669	4,383,538	3,183,255	1,200,283	
15	Letta MFI	309	464,207	57,544	815,073	61,048	754,025	
16	Meket MFI	3,465	2,335,021	312,796	2,935,645	866,298	2,069,347	
17	Meklit MFI	8,840	14,181,863	4,948,007	16,219,429	9,429,069	6,790,360	
18	Metemame n MFI	9,143	4,766,260	820,140	6,847,060	843,130	6,003,930	
19	Ocssco	256,801	412,013,493	70,175,908	274,861,728	152,013,770	122,847,958	Oromiya region
20	Omo MFI	120,277	135,418,534	35,757,852	178,958,567	157,703,600	21,254,967	Southern Region
21	PEACE	19,809	30,024,854	7,091,247	32,002,644	22,619,873	9,382,771	
22	SFPI	22,221	24,602,831	10,691,055	30,322,952	18,334,629	11,988,323	
23	Shashimene	2,033	2,581,165	612,741	3,784,587	638,456	3,146,131	
24	Sidama MFI	26,567	17,932,215	4,852,850	25,208,115	12,610,624	12,597,491	

Appendixes

No .	Name	No of Active client	Loan outstanding	Client Savings	Total asset	Total liability	Total Capital	Regional* government backed MFI
25	Wasasa MFI	29,256	29,809,767	6,487,677	25,208,115	22,646,480	9,956,583	
26	Wisdom MFI	45,915	57,193,980	14,374,032	69,277,613	46,545,059	22,732,554	
27	Harari MFI	267	1,728,497	372,204	5,897,043	403,824	5,493,219	Harari region
	Total	1,692,798	2,578,516,646	890,471,631	3,119,950,986	2,178,454,806	946,989,399	

Source: Association of Ethiopian Microfinance Institutions, 2008

Note * this information was obtained from Amha (2008)

Appendix 4. 2 List of MFIs by No. of Active client & Percentage of Female client, December'01.

Microfinance institution	Active client	% female active client
1. Addis Credit and Savings Institution S.C	6906	83
2. Africa Village Financial Services S.C	606	58
3. Amhara Credit & Savings Institution S.C	152601	38
4. Asser Micro-Financing S.C	311	92
5. Benushangul –GMFI	1319	41
6. Bussa Gonofa Microfinance S.C	3030	81
7. Dedebit Credit & Savings Institution S.C	158689	39
8. Eshet Microfinance Institution S.C	2337	41
9. Gasha Micro-Financing S.C	4381	75
10. Meket Microfinance Institution S.C	2485	43
11. Meklit Microfinance Institution S.C	1952	70
12. Metemamene	385	80
13. Omo Microfinance Institution S.C	58058	35
14. Oromia Credit & Savings Institution S.C	38186	13
15. PEACE Microfinance Institution S.C	3367	59
16. Shashemene EYA- MFI	1081	35
17. Sidama Micro-Financing Institutions S.C	7891	55
18. Specialized Financial & Promotional Institution S.C	6526	73
19. Wasasa – MFI	1457	66
Total	461327	38

Source: Amha, 2003 citing AEMFI, 2001

Appendix 4.3 ACSI & OMFI Outreach 1995-2003 & proportion of female active

Year	ACSI*		OMFI**	
	No. of Active Client	Percentage female active client	No. of Active Client	Percentage female active client
1995	672	33	-	-
1996	7,799	35	-	-
1997	38,190	43	-	-
1998	68,580	50	22,460	37
1999	107,143	49	39,469	36
2000	131,330	45	48,000	43
2001	152,601	38	58,058	35
2002	215,970	33	65,448	35
2003	288,681	30	70,590	38

client.

Source *ACSI Enewari subbranch office and **OMFI Butajir subbranch office

Appendix 4. 4 Women and men explaining why women joined credit programs.

The voices of women borrowers

... from the beginning those in charge of the credit program explained that priority is given to women (YN, loan cycle 6, ACSI, monogamy household).

...they [ACSI staffs] were not giving loan to the men at the time (TK, loan cycle 2, ACSI, monogamy household).

They said [the credit committee], it is the right of women that is to be maintained and we do not need men now. When we went there some did not want to send their wives' while the others allowed us. Thus we [women] took the loan (SG, Loan cycle 6, ACSI site, monogamy household).

The loan is meant for women only. He [her husband] went to borrow himself, but they told him that women only could borrow. So I went, signed and borrowed the money (RS – loan cycle 2, OMFI site, polygamous household).

He [her husband] went to borrow, but the loan office had arranged loan for women only, not for men. So I went and borrowed (AA,- loan cycle 2, OMFI site, polygamous household).

... I am a good business woman, but he [the husband] is a farmer. He just farms (WT, loan cycle 7, OMFI site, monogamy household).

I was the one that was invited [for OMFI meeting]. My husband was not invited. Hard working people [involved in off-farm economic activities] were screened, and I was one of them (WD, loan cycle7, monogamy household).

The voices of the spouses of women borrowers'

... it [the loan] was only for women and there was no arrangement made for men (AA husband of ZA, loan cycle 2- OMFI, monogamy household).

I didn't want to join. My wife was already involved in business. She said that she needed money for her business. So I allowed her to join the program so that she could do her business properly (AM, husband of AH, loan cycle 7, OMFI site, polygamy household)

...I asked to join the program. But they told me that it meant to increase the participation of women (SB, husband of YN, loan cycle 6, ACSI, monogamy household).

... they [ACSI] were providing loan to women only (EA the husband of KN loan cycle 6, ACSI, monogamy household).

Source In-depth Interview 2005.

Appendix 5. 1 Key informant interview guiding question

Region _____ **Kebele** _____ **MFI** _____

Date _____ **Interview starting/ending time** _____

List of Participants **Sex** **Roles in the community/MFI**

a. Key Informant: community

1. Household

- Would you tell us what household means in your language?
- What are the common household structure, composition and boundary in your community? (Size, sex composition, head of household)
- What are the special privileges of age and/or sex within households?
- What are the major functions of a household in your community?
- Did you observe changes in household structures and compositions in your community in the last five years? If yes, what? What do you think are the causes?

2. Understanding the Gender division of labour

- What are the major economic activities that households perform for living in your community?
- What are the major households chores performed by households?
- What are the major social or communal activities that households undertake?
- How are these tasks organized within households? Who does what? Is the division of labour rigidly defined?
- What attributes or values are attached to the tasks performed by different individuals?
- Who do you think has more responsibilities and workloads among household members? Why?
- Do you observe any change in your community in the last 5 years regarding gender division of tasks and responsibilities? If yes, what are the changes and the causes?

3. Understanding household decision-making

- What major decisions are made within households? (finance, labour allocation, education, marriage, etc)
- How are decisions arranged within households? Who makes which decisions?
- What are the rationales for individual to influence household decisions? Do you observe any change (in the last five years) regarding the decision-making power of men and women within households in your community? If yes, in what sphere?

4. Resource ownership

- What are the major resources that households own in your community? (Rich, middle, and poor)
- Can you tell us the major forms of resource ownership arrangements within the households? Are there differences between men's and women's access and control over resources? (use access and control profile)

- What power within household does resource ownership provides men and women?
- Do you observe any change in resource ownership structure between the different
- categories of wealth and within households (men and women) in the last five years? If yes, what?

5. Marriage and Divorce

- What are the common forms of marriage in your community?
- What are the common ages of marriage for boys and girls?
- How is marriage arranged in your community in the past and at present?
- Are extra-marital relations and plural marriage common in your area?
- What are the major causes of marital disputes and divorces? Who often initiate? Why?
- How do people settle marital dispute and divorce?
- Are both men and women allowed to re-marry after divorce? If not why not?
- Did you observe changes in marriage and divorce practices in the last five years? If
- yes what changes and what do you think are the potential reasons?

6. Gender based norms and values

- How does the community value the roles played by men and women, boys and girls (both at household and community levels)?
- What does the community expect from men and women, boys and girls in terms behavior, rights and obligations?
- Do both sexes have equal exposures to public spheres (community meeting, market, church, and training)? If not, why not?
- Is domestic violence common in your community? If yes, what are the causes? And how does it affect women?
- If women and men do not adhere to a certain social/gender norms, what are the consequences?
- Would you please tell us if there are any symbols and proverbs used in your community to explain gender differences?
- Do you see changes in your community about gender relations? If yes, what? What are the implications to men and women (also girls and boys)?

7. Microfinance Related

- What are the major sources of finance for men and women in your community? (past and present)
- How do you judge women's participation in SMFI? Do you observe any change in gender relations (issues discussed above) due to women's access to finance? If yes what?

8. Vulnerability

- Discuss the major vulnerability situations, which have been affecting the livelihood (economy and health) of the community (drought, epidemic, HIV/AIDS, fall in coffee price, crop and animal diseases, etc?) for the last five years.

b. Key informant: ACSI and OMFI staffs

1. Information about current status of MFI operation in the district/*kebele*
2. Male and female credit group membership trends
3. What are the MFI institutional arrangements?
 1. Types of products (loans and savings)
 2. Target groups and targeting criteria, targeting women
 3. Strategies to promote women's participation in the programs
 4. Credit committees – roles and members
 5. Loan application, distribution and repayment procedures
 6. Credit group and center meeting functions
 7. Working with men and women clients
4. What are the economic opportunities for borrowers in the area?
5. What cultural factors affect female participation in the program?
6. information on loan repayment
7. Program dropouts

Appendix 5. 2 Survey Questionnaires**Demographic profile (Question 201-216)**

ID Code	201. Name of Respondent	202. Name of Res. Spouse	203. Age 01-> 20 02-20 to 29 03-30 to 39 04-40 to 49 05-Over 50	204. Religion 01-Orthodox 02-Protest. 03-Catholic. 03-Muslim	205. Education 01-Illiterate 02-Grade 1-4 03-Grade 5-8 04-Over Grade 8	206. Marital status before joining ACSI 01-Married 02-Widow 03-Single 04-Divorced

Demographic profile cont...

ID Code	206. Is your spouse currently living with you? 01-Yes 02-No	207. Marital relations 01-Monogamy 02-Polygamy	208. If the answer for question 207 is 02(Polygamy), do you pay land tax by your name? 01-Yes 02-No	210. No. of Children 01-None 02-Two and less 03-Three to five 04-Six-eight 05-Over eight	209. Family Size 01-Two 02-Three to five 03-Six to eight 04-Over eight	212. Is there any one who joined your household due to long-term illness &/or death of parents <u>since the last 5 years?</u> 01-Yes 02-No
1						
2						

Demographic profile cont...

ID Code	213 Have you ever taken any contraceptive? 01-Yes 02-No	214. If the Answer for Question No.213 is YES , when did you start taking? 01-Before joining SACG 02-After joining SACG	215. Is there a family member in your household with chronic health problem since the last one year? 01-Yes 02-No	216. If the Answer for Question No. 215 is YES , what is the major health problem? 01-TB 02-Diarrhea 03-Coughing 04-All 05-Other (Specify)
1				
2				

Economic profile. (Question 217-225)

ID Code	217. What is the main source of living for your household? <i>01-Crop farming</i> <i>02-Livestock farming</i> <i>03-01 and 02</i> <i>04-Local drink processing</i> <i>05-Other (Specify)</i>	218. What is the second source of living for your household? <i>01-Crop farming</i> <i>02-livestock</i> <i>03-Local drink processing</i> <i>04-Wage employment</i> <i>05-Other (Specify)</i>	219. What is your (personal) 2 main source of cash income (prioritize)? <i>01-Grain</i> <i>02-Butter</i> <i>03-Local drink processing</i> <i>04-Eggs and Chicken</i> <i>05-Wage employment</i> <i>06- Others (Specify)</i>	220. What is your spouse's 2 main source of cash income(prioritize)?? <i>01- Grain</i> <i>02-Livestock</i> <i>03-Trees</i> <i>04-Wage employment</i> <i>05-Others (Specify)</i>
1				
2				

Economic profile cont...

ID Code	221. Does your household have land registered in its name? <i>01-Yes</i> <i>02-No</i>	222. If the Answer for Question No 221 is YES , who has use right? <i>01-Self</i> <i>02-Spouse</i> <i>03-Self and spouse</i> <i>04-Family members</i> <i>05-Other (Specify)</i>	223. Does your household own any livestock? <i>01-Yes</i> <i>02-No</i>	224. If the Answer for Question is No 223 is YES , to whom does it belongs? <i>01-Self</i> <i>02-Spouse</i> <i>03-Self and spouse</i> <i>04-Family members</i> <i>05-Other (Specify)</i>
1				
2				

Economic profile cont.

ID Code	225. Do you have any livestock, which only belongs to you? <i>01-Yes</i> <i>02-No</i>	226. If the Answer for Question is No 225 is YES , how did you acquire the livestock? <i>01-Through ACSI's loan</i> <i>02-Gift from parents</i> <i>03-Gift from spouse</i> <i>04-Other (Specify)</i>
1		
2		

Credit Group and Credit facilities (Question 227-257)

ID Code	227. How did you first come to know about ACSI's credit? <i>Through:</i> <i>01-ACSI staff</i> <i>02-Household members</i> <i>03-Friends</i> <i>04-Local administration</i> <i>05-Others (Specify)</i>	228. Who initiated you to join ACSI credit group? <i>01-Self</i> <i>02-ACSI's staff</i> <i>03-Spouse</i> <i>04-Friends</i> <i>04-Local administration</i> <i>05-Others (Specify)</i>	229. Did you ever encounter opposition from people for joining the credit group? <i>01-Yes</i> <i>02-No</i>	230. If the answer for Question No 229 is YES , from whom? <i>01-Spouse</i> <i>02-Relatives</i> <i>03-Friends</i> <i>04-Other (Specify)</i>
1				
2				

Credit Group and Credit facilities cont...

ID Code	231. Did you ever absent from group meeting? <i>01-Yes</i> <i>02-No</i>	232. If the answer for Question 231 is YES , why? <i>01-Illness</i> <i>02-Workload</i> <i>03-Influence from spouse</i> <i>04-Social commitment</i> <i>05-Other (Specify)</i>	233. Did your spouse ever attend a group meeting on your behalf? <i>01-Yes</i> <i>02-No</i>	234. Do you see any advantage from participating in group meeting other than accessing the loan? <i>01-Yes</i> <i>02-No</i>
1				
2				

Credit Group and Credit facilities cont...

ID Code	235. Did you ever borrow money before ACSI? <i>01-Yes</i> <i>02-No</i>	236. If the answer for Question 235 is YES , what was your main source ? <i>01-Equib</i> <i>02-Friends and relatives</i> <i>03- Service cooperative</i> <i>04- Money lenders</i> <i>05- Government projects</i> <i>06-Other (Specify)</i>	237. How many times did you take loan since you joined the credit group/ ACSI <i>01-One</i> <i>02-Two</i> <i>03-Three</i> <i>04-Four</i> <i>05-Five</i> <i>06-Six</i>	238. Whose initiative was to take your last loan ? <i>01-Self</i> <i>02-Spouse</i> <i>03-Self and spouse</i> <i>04-ACSI's staff</i> <i>05-Group members</i> <i>06. Other (Specify)</i>
1				
2				

Credit Group and Credit facilities cont...

ID Code	239. How many times did you take loan since you joined the credit group/ ACSI <i>01-One</i> <i>02-Two</i> <i>03-Three</i> <i>04-Four</i> <i>05-Five</i> <i>06-Six</i>	240. Whose initiative was to take your <u>last loan</u> ? <i>01-Self</i> <i>02-Spouse</i> <i>03-Self and spouse</i> <i>04-ACSI's staff</i> <i>05-Group members</i> <i>06. Other (Specify)</i>	241. Who made the decision on the amount/ size of your <u>last loan</u> ? <i>01-Self</i> <i>02-Spouse</i> <i>03- Self and spouse</i> <i>04-MFI staff</i> <i>05-Group members</i> <i>06-Other (Specify)</i>	242. Who is responsible to repay the loan in your household? <i>01-Self</i> <i>02-Spouse</i> <i>03-Self and Spouse</i> <i>04-Other (Specify)</i>
1				
2				

Credit Group and Credit facilities cont...

ID Code	243. Did you ever encounter loan investment related disagreement with your spouse? <i>01-Yes</i> <i>02-No</i>	244. If the Answer for Question No 243 is YES , what is the major cause? <i>01-Low Profitability of enterprise</i> <i>02-Use of loan for consumption</i> <i>03-Misuse of Loan by spouse</i> <i>04-Other (Specify)</i>	245. Did you ever engage in income generating activities to earn independent income before joining ACSI credit group? <i>01-Yes</i> <i>02-No</i>	246. If the answer for question 245 is YES , what was the source of capital? <i>01-Equib</i> <i>02-Spouse</i> <i>03-Relatives/friends</i> <i>04-Local money lenders</i> <i>05-Grain</i> <i>06-Other (Specify)</i>
1				
2				

Credit Group and Credit facilities cont...

ID Code	247. Did you ever encounter loan repayment problem? <i>01-Yes</i> <i>02-No</i>	248. If the Answer for Question No 247 is YES , what is the major cause? <i>01-Low Profitability of enterprise</i> <i>02-Using the loan for consumption</i> <i>03-Loan transfer to spouse</i> <i>04-Other (Specify)</i>	249. Did you ever engage in income generating activities to earn independent income before joining ACSI credit group? <i>01-Yes</i> <i>02-No</i>	250. If the answer for question 249 is YES , what was the source of capital? <i>01-Equib</i> <i>02-Spouse</i> <i>03-Relatives/friends</i> <i>04-Local money lenders</i> <i>05-Spouse</i> <i>06-Other (Specify)</i>
1				
2				

Credit Group and Credit facilities cont...

ID Code	251. For what purpose does your household often use ACSI's/OMFI's loan fund? <i>01-Economic activities</i> <i>02-Education and clothing</i> <i>03-Food consumption</i> <i>04-Other (Specify)</i>	252. Who made the final decision on how to spend your <u>last loan</u> ? <i>01-Self</i> <i>02-Spouse</i> <i>03-Joint (Self & spouse)</i> <i>04-Other (Specify)</i>	253. If the answer for Question No 252 is Joint (03) , what was the level of your influence? <i>01-Significant</i> <i>02-Equal</i> <i>03-Limited</i> <i>04-None</i>	254. Who is responsible to manage the loan fund in your household? <i>01-Self</i> <i>02-Spouse</i> <i>03-Self and Spouse</i> <i>04-Other (Specify)</i>
1				
2				

Credit Group and Credit facilities cont...

ID Code	255. Did you ever influence decisions on the use of the loan fund? <i>01-Yes</i> <i>02-No</i>	256. Was there any conflict within your household on the use of the loan fund? <i>01-Yes</i> <i>02-No</i>	257. What was the source of cash for your <u>last loan repayment</u> ? <i>01-Loan funded enterprise</i> <i>02-Grain</i> <i>03-Sell of asset</i> <i>04-Renting out land</i> <i>05-Other (Specify)</i>
1			
2			

Loan-funded enterprises type, ownership, labour allocation, marketing (258-277)

ID Code	258. What is the major loan funded enterprise in your household? <i>01- Fattening</i> <i>02-Dairy cow</i> <i>03-Crop production.</i> <i>04-Other (Specify)</i> <i>05- Trading</i> <i>06-Pepper Prod</i> <i>07-Enset Prod</i>	259. Who owns the LF enterprise within your household? <i>01-Self</i> <i>02-Spouse</i> <i>03- Self and Spouse</i>	What is the degree of individual labour contribution by (women (W), men (M), sons (S), daughters (D) and others(O) <i>01-High,</i> <i>02-Medium,</i> <i>03-Little,</i> <i>04-None</i>					Level of involvement in marketing by(women (W), men (M) and others including children(O) <i>01-High, 02-Medium,03-Little, 04-None</i>		
			260 W	261 M	262 S	263 D	264 O	265 W	266 M	267 Other
1										
2										

Loan-funded enterprises type, ownership, labour allocation, marketing (258-277)

ID Code	268. What is the 2nd loan funded enterprise in your household? <i>01- Fattening</i> <i>02-Dairy cow</i> <i>03-Crop production.</i> <i>04-Other (Specify)</i> <i>05- Trading</i> <i>06-Pepper Prod</i> <i>07-Enset Prod</i>	269. Who owns the LF enterprise within your household? <i>01-Self</i> <i>02-Spouse</i> <i>03- Self and Spouse</i>	What is the degree of individual labour contribution by (women (W), men (M), sons (S), daughters (D) and others(O) <i>01-High,</i> <i>02-Medium,</i> <i>03-Little,</i> <i>04-None</i>					Level of involvement in marketing by(women (W), men (M) and others including children(O) <i>01-High, 02-Medium,03-Little, 04-None</i>		
			270 W	271 M	272 S	273 D	274 O	275 W	276 M	277 Other
1										
2										

Level of control over loan-funded enterprise incomes (278-283)

ID Code	What is the level of your control over income <u>on the main</u> enterprises (related to ownership structure):		
	278. Own enterprise? <i>01-Full</i> <i>02-Significant</i> <i>03-equal</i> <i>04 Partial</i> <i>05-No Control</i>	279. Spouse's enterprise? <i>01-Full</i> <i>02-Significant</i> <i>03-equal</i> <i>04 Partial</i> <i>05-No Control</i>	280. Joint household enterprise? <i>01-Full</i> <i>02-Significant</i> <i>03-equal</i> <i>04 Partial</i> <i>05-No Control</i>
1			
2			

Level of control over loan-funded cont...

ID Code	What is the level of your control over income from the secondary enterprises (related to ownership structure):		
	281. Own enterprise? <i>01-Full</i> <i>02-Significant</i> <i>03-equal</i> <i>04 Partial</i> <i>05-No Control</i>	282. Spouse's enterprise? <i>01-Full</i> <i>02-Significant</i> <i>03-equal</i> <i>04 Partial</i> <i>05-No Control</i>	283. Joint household enterprise? <i>01-Full</i> <i>02-Significant</i> <i>03-equal</i> <i>04 Partial</i> <i>05-No Control</i>
1			
2			

Uses of loan-funded enterprise incomes (284-289)

ID Code	How do you often spend income from the main LF enterprises (Please list according to priorities) in		
	284. Own enterprise <i>01-Purchase food item</i> <i>02-Education, Clothing & Medication</i> <i>03-Household utensils</i> <i>04-Personal asset</i> <i>05-fertilizer</i> <i>06 savings</i>	285. Spouse's enterprise? <i>01-Paying tax</i> <i>02- Education, Clothing & Medication</i> <i>03-Household asset</i> <i>04-Personal asset</i> <i>05-Drinks</i> <i>06-Other (Specify)</i>	286. Joint household enterprise? <i>01-Paying tax</i> <i>02-Purchase food item</i> <i>03-Education, Clothing & Medication</i> <i>04-Household asset</i> <i>05-Personal asset</i> <i>06-Drinks</i> <i>07-Other (Specify)</i>
1			
2			

Uses of loan-funded enterprise cont...

ID Code	How do you often spend income from the secondary LF enterprises (Please list according to priorities) in		
	287. Own enterprise <i>01-Purchase food item</i> <i>02-Education, Clothing & Medication</i> <i>03-Household utensils</i> <i>04-Personal asset</i> <i>05-fertilizer</i> <i>06 savings</i>	288. Spouse's enterprise? <i>01-Paying tax</i> <i>02- Education, Clothing & Medication</i> <i>03-Household asset</i> <i>04-Personal asset</i> <i>05-Drinks</i> <i>06-Other (Specify)</i>	289. Joint household enterprise? <i>01-Paying tax</i> <i>02-Purchase food item</i> <i>03-Education, Clothing & Medication</i> <i>04-Household asset</i> <i>05-Personal asset</i> <i>06-Drinks</i> <i>07-Other (Specify)</i>
1			
2			

Savings (290-303)

ID Code	290. Have you ever saved income before joining the credit group? <i>01-Yes</i> <i>02-No</i>	ID Code	291. If the Answer for Question 290 is YES, in what form? <i>01-In cash</i> <i>02-In kind</i>	ID Code	292. If the answer for question 291 is in cash (01), where did you saved? <i>01-Equib</i> <i>02-With spouse</i> <i>03-with relatives & friends</i> <i>04-By myself</i> <i>05-Other (Specify)</i>
1					
2					

Savings cont...

ID Code	293. Do you currently have a voluntary saving account with ACSI? <i>01-Yes</i> <i>02-No</i>	ID Code	294. If the Answer for Question No.293 is YES, does your spouse know about your voluntary saving? <i>01-Yes</i> <i>02-No</i>	ID Code	295. If the answer for Question 294 is YES, what is the source of income for your voluntary saving? <i>01-Own loan funded enterprise.</i> <i>02-Own none loan funded enterprise</i> <i>03-Spouse</i> <i>04-Other (Specify)</i>
1					
2					

Savings cont...

ID Code	296. Do you currently have a voluntary saving account with ACSI? <i>01-Yes</i> <i>02-No</i>	297. If the Answer for Question No. 296 is YES , does your spouse know about your voluntary saving ? <i>01-Yes</i> <i>02-No</i>	298. If the answer for Question 297 is YES , what is the source of income for your voluntary saving ? <i>01-Own loan funded enterprise.</i> <i>02-Own none loan funded enterprise</i> <i>03-Spouse</i> <i>04-Other (Specify)</i>	299. What is the major source of cash for compulsory saving (5%) required before taking any loan? <i>01-Own enterprise</i> <i>02-Spouse</i> <i>03-Other (Specify)</i>
1				
2				

Savings cont...

ID Code	300. What is the source of income for the monthly installment of compulsory saving requirement (after taking the loan)? <i>01-Own loan funded enterprise</i> <i>02-Own none loan funded enterprise.</i> <i>03-Spouse</i> <i>04-Other (Specify)</i>	301. Do you save income from loan-funded enterprise other than with ACSI (<i>equib</i> , relatives, etc)? <i>01-Yes</i> <i>02-No</i>	302. If the answer for Question No.301 is YES , does your spouse know about this saving account? <i>01-Yes</i> <i>02-No</i>	303. For what purpose do you use your savings? <i>01-Food</i> <i>02-Asset</i> <i>03-expand business</i> <i>04-Clothing</i> <i>05-Other (Specify)</i>
1				
2				

Changes in women's life (304-310)

ID Code	304 Is there any change in your life because of your participation in ACSI Credit program? <i>01-Yes</i> <i>02-No</i>	If the Answer for Question 304 is YES what are the changes in terms of your		
		305. Participation in economic activities? <i>01-Created self-employment</i> <i>02-Expanded pre-existed business</i> <i>03-Involved in new business</i> <i>04-Other (Specify)</i>	306. Work? <i>01-Increased</i> <i>02-Decreased</i> <i>03-No change</i>	307. Responsibilities? <i>01-Increased</i> <i>02-Decreased</i> <i>03-No change</i>
1				
2				

Changes in women's cont...

ID Code	304 Is there any change in your life because of your participation in ACSI Credit program? <i>01-Yes</i> <i>02-No</i>	If the Answer for Question 304 is YES what are the changes in terms of your		
		305. Participation in economic activities? <i>01-Created self- employment</i> <i>02-Expanded pre-existed business</i> <i>03-Involved in new business</i> <i>04-Other (Specify)</i>	306. Work? <i>01-Increased</i> <i>02-Decreased</i> <i>03-No change</i>	307. Responsibilities? <i>01-Increased</i> <i>02-Decreased</i> <i>03-No change</i>
1				
2				

Changes in women's cont...

ID Code	If the Answer for Question 304 is YES what are the changes in terms of your		
	308. Access to independent income? <i>01-Increased</i> <i>02-Decreased</i> <i>03-No change</i>	309. Contribution to household income? <i>01-Increased</i> <i>02-Decreased</i> <i>03-No change</i>	310. Participation in public sphere? <i>01-Improved</i> <i>02-No change</i>
1			
2			

Appendix 5.3 Checklists for the In-depth Interviews

A. Short-time and Long-time borrowers

1. General

1.1 Why do you want to join the saving and credit group? Why didn't your spouse join? What are the group membership criteria?

1.2 List the number and size of loans taken by the respondents from the MFI so far. Ask how the respondent (her household) invested the loans. Why did you or your household (wife) prefer to engage in these activities? Who owns the enterprise (wife, husband or joint)? What are the justifications?

2. Gender Division of labour

2.1 Ask if the above activities are new to the respondent's household (wife). Where the respondent involved in similar activity or where she idle before accessing credit?

2.2 Do you observe any change in the division of tasks, responsibilities and workload within your household? Discuss the effect to the different household members.

2.3 Does your involvement in the credit program have effect on your other household responsibilities such as child care and leisure time? If yes, how do you resolve or handle such problems?

2.4 Does your participation in public sphere (such as market, community meeting, saving and credit group) changed after joining the credit group? How does this influence your roles and status within your household?

3. Decision making patterns

3.1 Who within your household influences decisions related to the size of loan and loan investment and why? Discuss if there are any conflict between husband and wife in these decision making spheres and how the respondent resolved the problem.

3.2 Ask the average income derived from loan funded enterprise, income utilization and decision making process for last loan. Discuss if the respondent has observed changes through the years in this regards. Does the household ever invested income from loan funded activities on assets, own clothing, personal network, etc? If invested on assets, who owns the assets? Do you see any changes in household expenditure patterns as a result of women's participation in credit programs (loan related and non related income)? If so, how and why?

3.4. As the respondents to list down major and minor household decisions. Discuss whether the respondent's say in the decision spheres have changed over the last few years (since the client has started participating in the credit program). Solicit the respondent to give some examples and further elucidate about the factors which have contributed for the changes observed.

3.6. Ask if the respondent has ever resisted decisions (overtly or covertly) related to loan and enterprise income utilization, other household affairs, attending group meetings, labour allocation, involvement in income generation (mobility) and explore her strategies. Investigate if the respondent has ever refused taking loans.

4. Saving

- 4.1. What are the sources of income for compulsory saving? Who is responsible for this saving?
- 4.2. Did you (your household) ever withdraw money from saving with the MFI? If yes, please tell the frequencies and the reasons for saving withdrawal. Who makes the decision concerning when to withdraw and how to use the saving? Ask if and how the respondent benefit from her saving.

5. Contribution to household

- 5.1. What difference does your participation in the credit program have brought to your life and to your family? Discuss the costs and benefits of participation to different household members?
- 5.2. What is the contribution or share of income from loan funded enterprise to the overall household income? How does this affect intra-household expenditure responsibilities? How do the members of your household evaluate this contribution, and how do you feel about it?

6. Health – HIV/AIDS

- 6.1 Discuss how chronic illness within respondent's household affect loan funded economic activities, loan and income utilization patterns, loan repayment, saving patterns and labour divisions within the respondent's household.
- 6.2 How did your group member treat you? Did they ever ask you to leave the group? If so why?

7. Problems

- 7.1 Ask the respondent to discuss problems and constraints encountered due to participation in credit program at household, community and institutional levels.

B. Short-time and Long-time borrowers' Spouses

- 1.1 How and why did your wife join the credit group? Whose initiative and decision was it? Why didn't you join?
- 1.2 What is the most common loan funded enterprise within your household? Ask if these activities are new to the respondent's household (wife). Why did your household (your wife) prefer to engage in these activities? Who owns the enterprise (wife, husband or joint) and why?
- 1.3 Did your household (wife) ever spend the loan fund (or part of it) in none-economic activities? If yes, how and why?
- 1.4 Who within your household influences decisions related to the size of loan, loan investment and use of enterprise income and why? Discuss if there are any conflict and resistance between husband and wife in these decision making spheres and how the respondent handled the problem.
- 1.5 Who is responsible for loan administration, compulsory savings and loan repayment within your household? Discuss if the respondent's household ever faced problems in these regards. Assess also the effect of these responsibilities to the respondent and his wife.
- 1.6 What is your opinion about your wife's participation in the public sphere such as credit group meeting, market, contact with MFI staff, etc? How does this affect your

household? Did you ever participate in credit group meeting on behalf of your wife? If yes, why?

- 1.7 How do you judge your wife's participation in the credit program? Do you observe any change in your relationship with her? Do you see any change within your households regarding decision making arrangements and processes? Discuss if there is change in your wife's bargaining power and status within your household? How do all these affect your position within your household?
- 1.8 Do you observe any change in the division of tasks, responsibilities? Discuss the effect to the different household members (especial emphasis to the respondent).

C. Program dropouts

- 1.1 When and how did you join the credit and saving group? Whose initiative was to participate and to take loan?
- 1.2 For how long did you access credit and saving facility from the MFI?
- 1.3 What did you do with the loan fund or how did you spend the money?
- 1.4 Who within your household used to influence decisions related to taking loan, the size of loan, investment decisions and on loan funded earnings? Why?
- 1.5 What was the effect of your participation in credit program to the members of your household? How did it affect intra-household division of labour and decision making?
- 1.6 Did you ever encounter loan repayment problem? When? Why?
- 1.7 When did you live the credit group/program? Who influenced you to dropout? Why? What do you miss from the program? Do you regret now?

D. Loan Defaulter

- 1.1 When and how did you join the credit and saving group? Whose initiative was to participate and to take loan?
- 1.2 For how long did you access credit and saving facility from the MFI?
- 1.3 What did you do with the loan fund or how did you spend the money?
- 1.4 Who used to influence decisions related to taking loan, the size of loan, investment decisions within your household? Why? Who was responsible for loan repayment and compulsory saving within your household?
- 1.5 What was the effect of your participation in credit program to the members of your household (for respondent, husband (if any), sons and daughters)? Specifically, how did it affect intra-household division of labour and decision making?
- 1.6 When did you encounter loan repayment problem? What are the factors for your default? Whose responsibility was loan repayment within your household before you default?
- 1.7 How did you address your loan repayment problem? Or from what source did you repay? Who helped you to repay?

Appendix 5.4 Focus group discussion with saving and credit groups

1. Group members related information

- a. Membership in the credit group
 - what were the criteria for membership in this credit group, and who set the criteria?
 - Did any one (husband or MFI staffs) had influence with whom you should form the group?
- b. Do you have group and centre meetings regularly? How often? If, yes do all members attend meetings regularly? If not why not? What are the issues you mostly discuss during group and centre meetings?
- c. Savings and loans
 - Why do women often become responsible for the compulsory savings (own none-loan funded and loan funded enterprise)?
 - How does this compulsory saving affect women's expenditure responsibilities?
 - Do your members have personal saving with OMFI? Who influence the amount you should save?
 - Describe the loan application procedures?
 - What is the responsibility of the group in loan repayment?
 - What will happen if a member fails to repay loans timely?
 - Did your group ever encounter loan repayment problem by members? If yes, What did you do to address the problem? What are the major causes of loan repayment problem?
 - Does the group have a mechanism to monitor loan uses within members' households (What is the experience of the group up to now?)
 - Why do some members drop out of the credit groups? Is there anyone from your group who left? (assess if health problem and gender power conflicts are included).

2. MFI related

- a. Why does the MFI give priority to women? What do you feel about it? What is the importance of giving the loan in the women's name?
- b. What support do women credit group members get from the MFI other than the loan and saving facilities?
 - a. What institutional factors hinder group members/women participation in the credit program and economic activities? (Including orientation and educational programs, collateral, minimum loan size, investment on livestock, loan repayment requirements, advises by male credit officers)

3. Socio-economic Environment

- a. What are the main economic opportunities or income generating activities available in the area (for women and men)? Is there a difference between the types of loan-funded enterprise between men and women (married and female headed) loanees? Economic activities between within monogamy and polygamy households and Islam and Christians? If you were given the chance to choose, what activity would you choose?
- b. Marketing- some women are involved in trading but have little involvement in marketing of Livestock. Why? Difference within polygamy and monogamy households, Islam and Christian. The number of markets accessed by group members.

4. Gender Issues

- a. The labour contribution of couples in petty trading and within the two types of marital relations are different. Why?

- b. The contributions of women and girls in loan funded activities and domestic chores
- c. Impact on house-hold decision making :- separate economy and joint economy

5. Effect of participation in credit group

- a. What are the advantage and costs of participation in the credit group and accessing credit to you as women (and also different household members)? What changes does your participation in credit group and accessing credit have brought to you and your hose hold members in terms of division of labours and decision- making?
- b. What difference do you observe between women credit group members and non-members? (In terms of work, income, public participation, house hold decision making, etc.). If there is any difference, what factors explain the difference?
- c. How does health problem (ask if clients in the area are experiencing HIV/AIDS) within household affect membership in credit group and the economic activities of women loanees?
- d. Does women's access to credit and saving services from the MFI has effect on the traditional revolving credit and saving institution (*equib*)?

Appendix 7. 1 Frequency and proportion of ACSI and OMFI borrower women by the degree of involvement in livestock-marketing.

Degree of involvement	ACSI		OMFI	
	No.	%	No.	%
Significant	6	7	6	11
Equal with men	13	16	5	9
Little or non	65	77	43	80
Total	84	100	54	100

Summary

With the expansion of microfinance programmes in the low-income countries, millions of poor women in these countries have been able to access microfinancial services, particularly microcredit and savings. The provision of microfinance services to women has been largely premised on the assumption that credit facilitates or expands women's self-employment opportunities, and consequently leads to their empowerment. In recent years, however, this proposition is under scrutiny and debate, as the available studies provide conflicting evidence.

This study explores whether and how microfinance granted to married women affects the intra-household division of labour and decision-making power. It also investigates the effect of an HIV/AIDS infection on microfinancing results. The study compared the effects across two regions in Ethiopia in order to understand the role of local socio-cultural practices and economic structures. Simultaneously, the effects across two (regional) microfinancing institutions were compared, which differed in institutional regulations and strategies. The study took as its point of departure the bargaining theory approach of the household and the differentiation between cooperative and non-cooperative models, in order to examine how women's access to microfinance services affected women's bargaining power within the household. The study employed a (comparative) case study research strategy in order to understand the complexity of (structural, cultural and individual) factors shaping the outcomes of microfinance programmes with regard to gender relations. A mix of research methods and data collection techniques, including key informant interviews, in-depth interviews, a small-scale household survey, and focus group discussions were used to understand the resource allocation and bargaining dynamics within the household.

The study focused on the Amhara Credit and Saving Institution (ACSI) and the Omo Microfinance Institution (OMFI), which were operational in the Amhara and Southern Nations and Nationalities People's (SNNPR) regions during 2004, respectively. Both of them worked with female clients in the rural areas and had five or more years of experience in microfinancing. In the Amhara region, the study was conducted in the Mangudo *Kebele*, located in the Moretena Juru district, of the North Shoa zone, while in the SNNPR, the study was conducted in the Dirama, Wita and Wolenshu *Kebeles*, located in the Meskan district of the Gurage zone. The case study's locations were selected because of their distinctiveness in socio-cultural practices and economic structures, and because of accessibility.

The study aimed to answer the following research questions.

Research questions:

Does women's participation in microfinance programmes affect decision-making patterns within households, and if so, how?

Does women's participation in microfinance programmes affect the intra-household division of labour and responsibilities, and if so, how?

Which characteristics of microfinance institutions facilitate or hinder change towards a more egalitarian intra-household allocation of labour and decision-making power, and how does this occur?

Summary

How do socio-cultural and economic factors influence the allocation of labour and decision-making power within clients' households?

How does the HIV/AIDS pandemic affect the allocation of labour within microfinance clients' households?

Both ACSI and OMFI targeted women in their respective programmes, in recognition of women's contribution to household food security, and their own wish to support women's empowerment. Both microfinance institutions extended microloans to their clients for investment in the fattening of livestock, which could serve as draught animals and as a source of cash income. At the beginning of its operation, the OMFI also lent money for investment in microbusinesses, such as trading. In most borrowers' households on the studied ACSI and OMFI locations, women used the loans for livestock fattening. Nevertheless, some women used the money for other purposes, such as crop production (e.g. seed, fertiliser and the renting of land), for off-farm income generation (mostly for women), for debt payments, and for consumption (e.g. food, medical expenses, the clothing and education of children, house construction).

In both regions, the clients' husbands had significant authority over how women's loans were used within the household. Hence, women's access to credit in their own name did not guarantee that women had full control over the loan uses. Nevertheless, it had improved women's voice in decision-making on that matter. Most women agreed that they had would have had less of a say when the loan had been given to their husband. There was no significant difference in the patterns of intra-household decision-making on loan uses between the ACSI and OMFI borrowers' households.

In contrast to the loan use decision, women in both regions exercised significant authority over the earnings generated through the loan-funded enterprises. In particular the ACSI borrowers had considerable influence on income generated by livestock when compared either to the influence of men, or to that of their female OMFI counterparts. Still, the latter (OMFI borrowers) had more to say about the uses of income generated through livestock fattening, and had considerably more authority over income earned through off-farm enterprises than their husbands. The in-depth interviews suggested that borrowing the money in their name importantly contributed to women's influence on the use of income generated through the loans. This was especially the case among long-time OMFI borrowers who used their loans for independent off-farm activities. Here, access to microfinance services had significantly enhanced their bargaining power within the household, and had consequently increased their influence on finance-related decisions within the household (namely the sale of grain, the sale and purchase of livestock, and the education and clothing of children).

Targeting microfinance services to married women hardly transformed the gender divisions of labour. Only some borrowers had negotiated a reduction of their labour contribution to crop farming (mainly long-time OMFI borrowers) and access to non-traditional activities (livestock marketing). In most cases, the microfinance interventions reinforced gender inequalities by increasing women's workload and perpetuating the gender segregation in economic activities. On both locations, women borrowers contributed a significant share of labour to the LF enterprise while remaining responsible for domestic chores. This led to an intensive use of female child labour, especially for household chores and child care. Furthermore, the task division in the livestock-fattening enterprise was organised in such a

way that, in comparison to men, the women undertook the activities that were the most routine and the least managerial.

Most long-time OMFI borrowers took on more expenditure responsibilities as a result of their new income from their loan-funded, off-farm activities. They now covered expenditures that traditionally were the responsibility of their husbands. Moreover, both ACSI and OMFI borrowers assumed more responsibility for loan repayment and compulsory savings.

The study examined how institutional contexts (e.g. MFI strategies, socio-cultural and economic variables) and the HIV/AIDS pandemic influenced the potential of microfinance services to transform gender relations and promote women's empowerment. The study found that the strategy of the microfinance institutions to prioritize women as their target group for microfinancing did facilitate women's empowerment to some extent. Generally speaking, women's decision-making power about loan and income use increased as a result of their access to loans; women's participation in centre and group meetings also played a role in this. However, as another result, their responsibilities for household expenditures increased as well. The initial loan product that the OMFI delivered to microbusiness operators had offered women the opportunity to earn independent earnings and to contribute income to the household. Consequently, they had more bargaining power in loan-related and non-loan-related decisions in household matters. It was also found that the co-signatory procedures that ACSI and OMFI put in place to ensure that couples were jointly accountable for loan repayments, undermined women's full control over loan use decision-making within the household.

The effect of microfinance interventions on gender relations differed significantly per region. In this, socio-cultural variables played an important role. Especially on the studied Gurage location (OMFI), the man, being the traditional "head" of the household, heavily influenced the way in which loans and income were used within the household. Yet in both regions, social norms predicted the gendered division of labour in LF enterprises. This resulted in increased work loads for women and daughters (see above). Local norms also privileged men to control the livestock marketing, which is a strategic activity in the livestock production process.

A woman's age and stage in life also influenced the outcomes of microfinancing. In both regions, older women played a more significant role in decision-making regarding loan uses than younger women. Especially on the OMFI study location, older women also contributed more labour to the LF livestock enterprises. In the same region, senior co-wives in polygamous households had more decision-making authority over loan uses and enterprise earnings than junior wives, but the share of work they contributed to the LF enterprises was higher as well.

The difference in the regions' economic structures played an important role as well. The ACSI borrowers tended to have a higher work burden in LF livestock fattening, both compared to their husbands and compared to their female OMFI counterparts. In this region, livestock fattening is an important economic activity that, traditionally, requires a great deal of female labour, while men tend to work on the land, at quite a distance from the homestead where the fattened livestock are being looked after. In the OMFI region, women tend to spend more time on market activities, away from the homestead. These women therefore have little time for livestock fattening. Although in this region men tend to work

Summary

the land, too, this can easily be combined with livestock fattening, as the land is close to the homestead where the fattening of livestock takes place.

Partly for ethical reasons, the study did not examine the effects of AIDS/HIV infections in particular, but looked into the effects of all chronic illness and death. The results clearly demonstrated that mortality and morbidity (caused by HIV/AIDS, among others) did lead to the reallocation of household labour among healthy household members (for different activities). Moreover, it did cause women to drop out of credit groups and to forego their duties of loan repayment and compulsory saving.

The study allows the formulation of various recommendations for policy and further research. In order to promote women's empowerment and to minimize the deterioration of the position of women and girls, development policy makers should allocate more resources to enhance women's entrepreneurial skill development and promote child care services in rural areas. In addition, we consider it important that microfinancing institutions (a) design locally specific loan products, (b) design strategies to ensure women's control over loans, (c) promote women's access to the market, and (d) regularly monitor the impact of microfinancing strategies on gender relations.

Furthermore, we consider it important to further explore (a) the impact of HIV/AIDS on labour allocation, b) the impact of microfinancing on gender relations in polygamous households and (c) the reasons for dropping out. More generally, we encourage the use of a mix of research methodologies in microfinance impact assessments and the continuation of comparative studies.

Samenvatting

Met de uitbreiding van microfinancieringsprogramma's in de lage-inkomenslanden hebben miljoenen arme vrouwen toegang gekregen tot microfinancieringsdiensten, vooral microkredieten en spaarproducten. Het verstrekken van microfinancieringsdiensten aan vrouwen is grotendeels gebaseerd op de aanname dat dergelijke diensten vrouwen de kans bieden om een eigen bedrijf op te zetten, wat wederom zou bijdragen aan de zelfstandigheid van vrouwen, hun onafhankelijkheid en zelfbeschikkingsrecht (oftewel *'empowerment'*). De laatste jaren staat deze aanname echter in toenemende mate ter discussie.

Dit onderzoek verkent of en hoe het verstrekken van microfinanciering aan getrouwde vrouwen invloed uitoefent op de verdeling van arbeid en het recht en de macht van vrouwen om beslissingen te nemen. Ook wordt gekeken of een HIV/AIDS infectie de resultaten van microfinanciering beïnvloedt. Het onderzoek vergelijkt de effecten in twee regio's in Ethiopië, om zodoende de rol van sociaal-culturele kenmerken en economische structuren te kunnen begrijpen. Tegelijk worden twee microfinancieringsinstituten vergeleken en daarmee de effecten van verschillende institutionele regelingen en strategieën. Het onderzoek vertrekt vanuit de theorie van onderhandeling binnen het huishouden (de zogenaamde *'bargaining approach'*), en de differentiatie tussen coöperatieve en non-coöperatieve huishoudens. Op die manier kan worden gekeken of en hoe toegang tot microfinanciering de onderhandelingsruimte van vrouwen in het huishouden beïnvloedt. Het onderzoek maakt gebruik van de *'case study'*-methode, om zicht te krijgen op de complexe samenwerking van allerlei (structurele, culturele en individuele) factoren. Daarnaast is een mix van onderzoeksmethoden toegepast om de allocatie van hulpbronnen en de dynamiek van onderhandelingen binnen het huishouden in kaart te brengen; tot de onderzoeksmethoden behoren interviews met sleutelinformanten, diepte-interviews, een kleinschalige enquête onder huishoudens, en discussies met focusgroepen.

Het onderzoek richtte zich op het *Amhara Credit and Saving Institution* (ACSI) en het *Omo Microfinance Institution* (OMFI), die gedurende 2004 werkzaam waren in de regio Amhara, respectievelijk de *Southern Nations and Nationalities People's Republic* (SNNPR). Beide instituten werkten met vrouwelijke cliënten in landelijke gebieden en hadden vijf jaar of meer ervaring in microfinanciering. In de regio Amhara werd het onderzoek uitgevoerd in het *Kebele* Mangudo, gelegen in het district Moratena Juru, in North Shoa. In de SNNPR werd het onderzoek uitgevoerd in de *Kebeles* Dirama, Wita en Wolenshu, gelegen in het district Meskan in Gurage. De locaties van de case studies zijn gekozen omdat zij verschillen in sociaal-culturele gewoonten en economische structuren, en vanwege de toegankelijkheid van deze gebieden.

Het onderzoek beoogde de volgende onderzoeksvragen te beantwoorden.

1. Beïnvloedt de deelname van vrouwen aan microfinancieringsprogramma's de besluitvorming binnen huishoudens, en zo ja, hoe?
2. Beïnvloedt de deelname van vrouwen aan microfinancieringsprogramma's de verdeling van arbeid en verantwoordelijkheden binnen huishoudens, en zo ja, hoe?
3. Welke karakteristieken van microfinancieringsinstituten faciliteren of belemmeren de verandering naar een meer egalitaire verdeling van arbeid en beslissingsmacht binnen het huishouden, en zo ja, op welke manier?
4. Hoe beïnvloeden sociaal-culturele en economische factoren de allocatie van arbeid en

- beslissingsmacht binnen de huishoudens van cliënten van microfinancieringsinstituten?
5. Hoe beïnvloedt de HIV/AIDS pandemie de allocatie van arbeid binnen de huishoudens van cliënten van microfinancieringsinstituten?

Zowel ACSI als OMFI richtte zich specifiek op vrouwen vanwege de bijdrage die vrouwen leveren aan de voedselzekerheid van huishoudens; daarnaast wilden ze zo bijdragen aan het zelfbeschikkingsrecht van vrouwen. Beide microfinancieringsinstituten gaven microleningen aan hun cliënten om te investeren in het vetmesten van vee. In het begin van de operatie leende OMFI ook geld uit voor investeringen in micro-ondernemingen, zoals kleine handelsondernemingen. De meeste vrouwen gebruikten de lening voor het vetmesten van vee. Sommige vrouwen gebruikten het geld ook voor andere doelen, zoals het kweken van gewassen (bijvoorbeeld voor zaden, kunstmest en het pachten van land), voor bedrijfsactiviteiten buiten de boerderij, voor het afbetalen van schulden, en voor consumptie (bijvoorbeeld voor voedsel, medische kosten, kleding en onderwijs voor kinderen, of voor (ver)bouw van een huis).

In beide regio's hadden de echtgenoten van de cliënten veel invloed op de bestedingen van de leningen. Het feit dat het krediet op naam van de vrouw stond, bood geen garantie dat de vrouwen volledig over het gebruik van de leningen konden beschikken. De meeste vrouwen waren wel van mening dat ze minder inspraak zouden hebben gehad als de lening aan hun echtgenoot was verstrekt. Kredietverlening aan vrouwen versterkte volgens hen dus wel de stem van vrouwen in de besluitvorming. Of de lening door ACSI of OMFI was verstrekt had geen invloed op de besluitvorming over de besteding van leningen.

In beide regio's hadden de vrouwen duidelijk wel inspraak in de besteding van de inkomsten. Vooral de leners bij ACSI hadden veel invloed op de besteding van inkomen, in vergelijking met zowel mannen als de vrouwelijke cliënten van OMFI. Toch hadden ook de leners bij OMFI meer te zeggen over het gebruik van inkomen dat verdiend werd met het vetmesten van vee, dan over het inkomen dat hun echtgenoten in ondernemingen buiten de boerderij verdiend hadden. Uit de diepte-interviews met vrouwen kwam naar voren dat het lenen van geld op hun eigen naam hun invloed op de besteding van het zo verdiende inkomen sterk vergroot had. Dat was in het bijzonder het geval onder vrouwen die al meerdere jaren geld leenden bij OMFI en geld verdienden met bedrijfsactiviteiten buiten de boerderij. In die gevallen had toegang tot microfinanciering de onderhandelingsruimte van vrouwen binnen het huishouden op significante wijze verbeterd, en hun invloed op financiële beslissingen in het huishouden vergroot (te weten beslissingen over de verkoop van graan, de aankoop en verkoop van vee, en het onderwijs en de kleding van kinderen).

De verdeling van arbeid tussen mannen en vrouwen was nauwelijks veranderd ten gevolge van het verstrekken van microfinanciering aan vrouwen. Slechts enkele leners bedongen een vermindering van hun arbeidsbijdrage aan de teelt van gewassen (dit betrof vooral de meerjarige leners van OMFI) en toegang tot niet-traditionele activiteiten (het vermarkten van het vee). In de meeste gevallen versterkte microfinanciering de ongelijke verdeling van arbeid; de werklast van vrouwen nam veelal toe terwijl de verdeling van soorten taken gelijk bleef. In beide regio's besteedden de vrouwelijke leners een significant deel van hun tijd aan het vetmesten van vee, terwijl ze verantwoordelijk bleven voor huishoudelijke taken. Vaak leidde dit ertoe dat dochters een deel van het werk in huishouden en kinderopvang van hen overnamen. Voor wat de taken rondom het vetmesten van het vee betrof, namen vrouwen vooral de routinematige taken van hun man over; management en vermarkten bleef veelal de verantwoordelijkheid van mannen.

De meeste meerjarige leners bij OMFI kregen als gevolg van hun nieuwe inkomsten meer verantwoordelijkheid voor huishoudelijke uitgaven. Ze begonnen veelal ook die kosten te dekken die traditioneel tot de verantwoordelijkheden van hun echtgenoten behoorden. Daarnaast waren de vrouwen zowel bij ACSI als bij OMFI hoofdverantwoordelijk voor de terugbetaling van leningen en de bijdragen aan verplichte spaarprogramma's.

Kort samengevat laat het onderzoek zien dat de positie van vrouwen inderdaad in bepaalde opzichten kan verbeteren als microfinancieringsinstituten zich specifiek op vrouwen richten. Zo was het recht en de macht van vrouwen om over het gebruik van lening en inkomen te beslissen, toegenomen als gevolg van hun toegang tot leningen; daarbij heeft de deelname van vrouwen aan groepsbijeenkomsten zeker ook een rol gespeeld. Maar de verantwoordelijkheid van vrouwen voor de uitgaven van het huishouden nam eveneens toe. In het werkgebied van OMFI gaf het microkrediet vrouwen de gelegenheid om onafhankelijke inkomsten te verwerven, en zodoende bij te dragen aan het inkomen van het huishouden. Als gevolg daarvan hadden ze meer inspraak in zowel lening-gerelateerde als niet-lening-gerelateerde beslissingen in huishoudelijke kwesties. Daarnaast is vastgesteld dat de door OMFI en ACSI verplicht gestelde gezamenlijke verantwoordelijkheid van paren tot terugbetaling van de lening, de volledige zeggenschap van de vrouwen over het gebruik van de leningen ondermijnt.

Het effect van microfinanciering op de man-vrouw verhouding verschilde per regio. Sociaal-culturele verschillen tussen de regio's speelden daarbij een belangrijke rol. Vooral in Gurage (OMFI) had de man, als traditioneel 'hoofd' van het huishouden, veel invloed op de manier waarop de leningen en het inkomen binnen het huishouden besteed werden. In beide gebieden bepaalden sociale normen hoe het werk tussen mannen en vrouwen werd verdeeld. Dit resulteerde in een groeiende arbeidslast voor vrouwen en dochters (zie hierboven) en meer toezicht van mannen op het vermarkten van vee.

Daarnaast waren leeftijd en levensfase van de vrouw van invloed op de uitkomsten van microfinanciering. In beide regio's hadden oudere vrouwen meer invloed op de besluitvorming aangaande het gebruik van leningen dan jongere vrouwen. Op de OMFI onderzoekslocatie waren oudere vrouwen tevens actiever betrokken bij het vetmesten van vee dan jongere vrouwen. In dezelfde regio hadden de oudere echtgenotes in polygame huishoudens meer beslissingsbevoegdheid over het gebruik van leningen en opbrengsten dan de jongere echtgenotes; daar stond tegenover dat het aandeel van de oudere echtgenotes in het werk ook groter was.

Het verschil tussen de regio's in economische structuur speelde ook een belangrijke rol. De vrouwelijke ACSI leners besteedden de meeste tijd aan het vetmesten van vee, zowel in vergelijking met hun mannen als in vergelijking met de vrouwen in het OMFI programma. In de ACSI regio was het vetmesten van vee een belangrijke economische activiteit, die traditioneel vooral vrouwelijke arbeid vraagt. Mannen werken hier over het algemeen op het ver af gelegen land terwijl de stallen dichtbij huis liggen. In de OMFI regio besteedden vrouwen meer tijd aan marktactiviteiten, ver weg van huis. Deze vrouwen hadden daarom weinig tijd voor het vetmesten van vee. Hoewel de mannen over het algemeen ook in deze regio op het land werken, is dit eenvoudig te combineren met het vetmesten van vee, aangezien het land zich in de buurt van de boerderij en de stallen bevindt.

Doel van het onderzoek was ook om de effecten van HIV/AIDS infecties te onderzoeken. Om zowel ethische als praktische redenen richtte het onderzoek zich echter niet uitsluitend

op HIV/AIDS maar de effecten van chronische ziekten en sterfgevallen meer in het algemeen. De resultaten tonen aan dat mortaliteit en morbiditeit (onder andere veroorzaakt door HIV/AIDS) tot re-allocatie van huishoudelijke arbeid onder de gezonde leden van het huishouden leidde. Het veroorzaakte bovendien uitval van vrouwen uit kredietgroepen en de opgave van verplichtingen aangaande terugbetaling van de lening en verplicht sparen.

Op basis van het onderzoek is het mogelijk om diverse aanbevelingen voor beleid en verder onderzoek te formuleren. Om de zelfbeschikking van vrouwen te bevorderen, en de verslechtering van de positie van vrouwen en meisjes te voorkomen, is het belangrijk dat beleidsmakers meer aandacht en middelen besteden aan de bevordering van ondernemersvaardigheden onder vrouwen en aan de beschikbaarheid van kinderopvang in landelijke gebieden. Daarnaast is het van belang dat microfinancieringsinstituten (a) leenproducten ontwikkelen die zijn afgestemd op de specifieke culturele en economische kenmerken van een regio, (b) strategieën ontwikkelen om de controle van vrouwen over de leningen zeker te stellen, (c) de toegang van vrouwen tot markten te bevorderen, en (d) het effect van microfinanciering op de verhoudingen tussen mannen en vrouwen monitoren.

Het is verder belangrijk om op de volgende terreinen nader onderzoek te verrichten (a) de impact van HIV/AIDS op de allocatie van arbeid, (b) de impact van microfinanciering op de verhoudingen tussen mannen en vrouwen in polygame huishoudens en (c) de redenen voor uitval uit programma's. Daarbij is het aan te bevelen om kwalitatieve en kwantitatieve onderzoeksmethoden te combineren en de resultaten in verschillende groepen en gebieden met elkaar te vergelijken.

Curriculum Vitae

Hirut Bekele Haile (1967) Ethiopia, graduated from Addis Ababa University with a BA degree in Management and Public Administration in 1988. From 1988 to 1992, she worked for the then Handicraft and Small Scale Industry Development Agency (HASIDA) as an Assistant Head of the branch office in the then Sidamo Province. From 1992 to 1995 she worked with the Netherlands Development Organization (SNV)-Ethiopia as a Gender Specialist for the Bugna Integrated Rural Development Program. Between 1995 and 1997 she worked as a Technical Assistant for a project entitled “Action Oriented Research Project for and with Women”, a collaborative project between SNV and the Bureau of Labour and Social Affairs, Amhara region. From 1997 to 1998 she worked as a National Gender Specialist for the International Institute of Rural Reconstruction (IIRR). During 1998 and 2000 she joined Addis Ababa University and studied for an MA in Regional and Local Development Studies. She worked with ActionAid Ethiopia as a Gender Advisor from 2000 to 2002, and as a freelance Gender Consultant from 2002 to 2003. In 2003, Hirut was awarded a PhD scholarship through the collaborative program between the African Women Leaders in Agriculture and Environment (AWLAE), Winrock International and Wageningen University and Research Centre. The project was funded by the Netherlands Directorate General for International Cooperation (DGIS). Her research focused on the effects of microfinance on intra-household gender relations in Ethiopia. Hirut was involved in consultancy works with various organisations including the Economic Commission for Africa (ECA), SNV, ActionAid, Save the Children UK- Young Lives Research Project. Currently, she is working as a freelance Gender and Development Consultant.



Annex to statement

Name Hirut Bekele Haile

PhD student, Mansholt Graduate School of Social Sciences (MG3S)

Completed Training and Supervision Plan

Description	Institute / Department	Year	ECTS*
Courses:			
Mansholt Introduction course	Mansholt Graduate School of Social Sciences	2003	1
Socio-cultural field research methods	MG3S	2004	2.9
Field research methods	Institute of Social Studies (ISS)	2003	6
Rural Gender Studies		2004	6
Microfinance and Marketing in developing countries		2004	6
HIV/AIDS and Rural Livelihoods in Sub-Sahara Africa	MG3S	2003	2.9
Gender Impacts of HIV/AIDS in food systems and livelihood in SSA		2003	2
Faces of poverty: Capability, mobilization and institutional transformation	CERES	2003	2
Livelihood analysis and research for poverty reduction	CERES	2003	2
Writing research proposal	MG3S		6
Presentations at conferences and workshops:			
Mansholt Multidisciplinary seminar		2006	5
Women's Global Connection 2006 International Conference: Affirming Diversity: Women Making a Difference. The University of the Incarnate Word, San Antonio, Texas, USA			1
International Conferences on Social Sciences and Humanities, Universiti Sains Malaysia, Penang, Malaysia		2008	1
The Brisbane International Feminist Conference, South Brisbane, Queensland, Australia.		2008	1
Total (minimum 30 ECTS)			41.8

*One ECTS on average is equivalent to 28 hours of course work

