Gender empowerment in microfinance

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GENDER EMPOWERMENT IN MICROFINANCE

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Introduction

Ever since microfinance was popularized in the mid-1970s in Bangladesh, one of its salient features has been the overwhelming representation of women. The trend has increased steadily, particularly during the 1980s. According to 2006 Microcredit Summit Campaign report, seven out of ten microfinance clients are women.[2] Millions of these women are married or live with a

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[2] Dale-Harris, Sam (2006)

partner, and many have children. Relative to initial lending practices by the Grameen Bank in Bangladesh, the bias in favor of loans to women in microfinance has been accompanied by an increasing trend to exclude men from microfinance services, particularly in the context of loans to those with very low income levels. The practice of exclusion might however prove to be counterproductive, for it can generate frictions within households, as men feel increasingly threatened in their role as primary breadwinners within the household.[3]

In this paper we argue that the promotion of women in microfinance initiatives and the bias against men is taking place in the absence of solid empirical evidence on the effects of this approach on the balance of power in households and on the health, education and well-being of all household members. We hold these to be key aspects of development. We further argue that this issue deserves empirical attention given the possibility of unforeseen outcomes and adverse consequences that run counter to the goal to encourage microfinance initiatives as a means to promote development.

To clarify the central issues, on the one hand, higher household income in the hands of women might increase health and education for women and their household members –we call this the women-empowerment effect. On the other hand, the exclusion of men from access to subsidized finance might create frictions, and rebound effects that diminish the supportive role women play for their spouses and wider household members in the production of health and education – we call this the women-disempowering effect. In the event that the latter effect dominates over the former, then subsidized microfinance for women might have no overall positive

[3] Some evidence on this and follow-up debate is found in Mayoux (1999), and Rahman (2001), among others.

impact, or even worse, a negative impact on health and education at the household level and the women in low-income households. [4]

This paper is structured as follows. First, it provides an overview of what we currently know about microfinance, gender, health and education in the context of Bangladesh, where most research has been conducted. Second, some anecdotal evidence from Bangladesh and Africa on the notion of microfinance empowerment is presented and discussed. This raises questions about the influence of institutional structures and norms on the enhanced capacity of women to assert their role as the main providers of health and education, mainly arising from the fact that the empowerment of women generates frictions with their partners, which in turn leads to a potential disempowerment effects.[5] Third, anecdotal evidence from Chiapas in southern Mexico is outlined, which provided the basis for empirical research on new approaches to microfinance now being undertaken in the region. Fourth, the essay outlines this experimental intervention in southern Mexico, where the women borrowers in a microfinance initiative can invite their spouses to be part of women-only solidarity groups as borrowers, in order to see whether potential frictions could be eliminated as a way enhance women empowerment and provide for improved access to health and education at the household level.

[4] An even more challenging issue is to better understand what influence social and institutional conditions exercise on the empowerment and disempowerment effects experienced by women in microfinance initiatives and the subsequent outcomes in terms of development. This issue matters because microfinance initiatives are specifically directed at household level, and, yet prevailing social and institutional norms are determined at community or societal level. In the circumstances where social and institutional conditions dominate the effects of microfinance initiatives it would imply that microfinance projects might lead to better outcomes when they are accompanied by measures for institutional capacity building that promote the rights and role of women in society. This issue is beyond the scope of this paper. Work by Mayoux (1999) and her more recent research address this issue in greater detail for various regions.

[5] It also suggests that institutional structures and norms serve to constrain the outcomes of microfinance initiatives.

The main challenges of implementing this type of intervention, which were revealed through the experience are described. The final section spells out some concluding remarks.

1. Current knowledge of microfinance, financial resources and gender as a basis for the pro-women bias[6]

The most influential empirical study on microfinance and gender can be found in an article published by the Journal of Political Economy in 1998 by Mark Pitt and Shahidur Khandker. In their study, Pitt and Khandker develop a framework for estimating the impact of microfinance using cross section data from Bangladesh for 1991-92. The paper pins down the potential sources of bias, in identifying and estimating the impacts of microfinance initiatives alone on outcomes such as household expenditures on health and education.

For example, Pitt and Khandker address the bias that might arise because the individuals who self-select into microfinance programs may be the least poor and most entrepreneurial members of their community. This bias would lead to an overestimate of the overall potential of microfinance on poverty reduction. Pitt and Khandker faced the well-known endogeneity problem that entrepreneurial individuals may deliver better incomes for them, which in turn enable them to qualify for further loans, which in turn increase their incomes. Typical ways to resolve this problem of estimating the aggregate effect of microfinance initiatives is through the use of an instrumental variable, which does not correlate with outcomes. Pitt and Khandker used land-ownership as the

[6] This section borrows from Armendariz's joint work with Jonathan Morduch (2005). For a more general survey on gender issues in economic development, see Duflo 2005.

independent variable: to qualify for a microfinance loan, individuals (both men and women) had to be poor as proxied by their holdings of land not being more that a half an acre. They used this instrumental variable in studies that compared villages with microfinance opportunities and control villages without. This approach meant that those who received loans in treatment villages did so because they were landless poor, with the same entrepreneurial abilities as those in the control villages where the landless poor did not access microfinance loans, possibly because there was not much microfinance activity at the time. Once village characteristics were controlled for, Pitt and Khandker extended their analysis to the role of gender.

In particular, Pitt and Khandker showed that when a loan of 100 taka was extended to men it translated into 11 taka going into household expenditures (for food/nutrition/working tools), while the same amount lent to women household heads led to 18 taka being spent on household expenditures (for food/nutrition/working tools).

It would be too bold to claim that the findings by Pitt and Khandker alone have influenced the bias toward women underpinning recent microfinance initiatives. It is our conjecture that in the absence of any countervailing empirical evidence, Pitt and Khanker findings contributed to the norms and operational practices of Grameen Trust, The Consultative Group to Assist the Poorest (CGAP- World Bank), as well as many other donor agencies and multilateral organizations engaged in providing seed capital and subsidized microfinance. Their priority has been to direct subsidized loans to women.

The common practice in favor of women in subsidized microloans also flows from the research on the practice of delivering aid to women. For example food stamps in the United Kingdom and Sri Lanka, and staple food and cash deliveries under the PROGRESA (now called OPORTUNIDADES) program in Mexico were directed to women rather than their spouses. This was done for fear that if such aid was given to men, they might sell the food stamps and mis-spend the resources, possibly wasting money on gambling, tobacco, and alcohol (Armendáriz-Morduch (2005)).

There are a number of empirical studies on the practice of targeting aid to women. Emmanuel Skoufias (2001) reports that the OPORTUNIDADES project aimed at women in rural Mexico led to sharp improvements in social outcomes: poverty decreased by 10 percent, school enrollment increased by 4 percent, food expenditures increased by 11 percent, and adults' health (as measured by the number of unproductive days due to illness) also improved considerably.[7]

Duncan Thomas (1990) reports that child health in Brazil (as measured by survival probabilities, height-for-age, and weight-for-height) along with household nutrient intakes, tended to rise if additional non-labor income was in the hands of women rather than men. He observed that income in the hands of a mother had, on average, 20 times the impact of the same income in the hands of a father with respect to children's survival probabilities. In a subsequent study, also on Brazil, Thomas (1994) reports that increases in the share of the household budget spent on health, education, and housing as well as improvements in child health are associated with increasing the bargaining power of women.

[7] Promoting women to powerful positions in villages and regions may, by the same token, bring social benefits. In a recent paper on India, Raghabendra Chattopadhyay and Esther Duflo (2003) show that by empowering women, and, in particular, by allowing them to be elected to local councils, spending on public goods most closely linked to women's concerns increased.

Patrice Engle (1993) similarly studies the relationship between a mother's and father's income on child nutritional status (height-for-age, weight-for-age, and weight-for-height) for hundreds of households in Guatemala, and reports that children's welfare improves as women's earning power increases relative to their husbands'. Paul Schultz (1990) finds that in Thailand non-labor income in the hands of women tends to reduce fecundity more than when that non-labor income possessed by men. He also finds that the impact of non-labor income has different effects on labor supply, depending on which household member controls that income.[8]

Anderson and Baland's (2002) article on Rotating Savings and Credit Associations (ROSCAs) reports on a survey of hundreds of women in Kenya. An overwhelming majority of the women responded that the principal objective for joining a ROSCA was to save money, and nearly all of the respondents were married. Anderson and Baland conclude that an important motive for women joining ROSCAs is found in the desire to keep money away from their husbands. Other studies, not necessarily confined to ROSCAs, suggest that savings motives (and by that it is understood the protection of assets) also apply to women's involvement in microfinance institutions.

Christopher Udry's (1996) research on agricultural practices in Burkina Faso provides evidence on the ways men and women invest in agriculture. Using panel data, and after having controlled for soil quality and other variables, he finds that agricultural productivity is higher in plots cultivated by men than women. He also finds that compared with plots cultivated by women, the

[8] Evidence from India also shows that there is a positive correlation between the relative size of a mother's assets (notably jewelry) and children's school attendance and medical attention (Duraisamy 1992; Duraisamy and Malathy 1991).

higher yields of plots cultivated by men are due to the application of different cultivation techniques, particularly a higher intensity of productive inputs (including fertilizer and child labor). He thus concludes that productivity differentials are attributed to the intensity of production between plots cultivated by men and women and not to inherent skill differentials. Udry regards this outcome as inefficient since there are sharply diminishing returns to the use of fertilizer. Not only are resources not fully shared, they are allocated in ways that diminish total household income. Udry suggests that reallocating inputs to plots cultivated by women can thus enhance efficiency. Another solution (that is, the microfinance solution) is to provide women with credit sufficient to purchase additional inputs. A second way that microfinance can potentially address problems like this is by tackling the social norms that prevent women from having adequate access to inputs and marketing facilities in the first place. This might be done through demonstration effects and from pressure created by the microlender to ensure higher returns to borrowers' investments.

From the point of view of evidence from practice, a field loan officer will generally see women as better customers for loans compared with men for at least four reasons. First, repayment rates on loans by women are higher, because women are more risk averse and therefore more conservative in their investment strategy. Also, women are more susceptible to pressure from their peers peer and more sensitive to the threat of public humiliation with regards to failure in the repayments on their loans, women have fewer opportunities than men to access alternative sources of credit, which in turn reduces the scope for moral hazard[9]. Moreover, field practitioners in microfinance argue that women are

[9] Hossain (1988): 81% of women had no repayment problems versus 74% of men.

less argumentative, which reduces the transaction costs of the loan, both for their peers and the bank. Women also lower the agency costs of bank officers because women's groups are more punctual at repayment meetings, which avoids the bank officer having to devote time looking for them at their homes/businesses. Last but not least, women loan officers cost less than men, and in many instances women are more efficient at granting and collecting repayments.[10]

Taken together, the findings of empirical investigations, the perspectives of donors, and experience of practitioners, have led to an established wisdom in favor of lending to women. Moreover, the conventional wisdom has been that to exclude men from microfinance has no significant or important detrimental outcomes. However, more recent views from the field expressed at the recent Microfinance Forum in Beijing (2006) suggest otherwise:

"…male exclusion can lead to negative consequences for women who join financial services: they may meet resistance from men who see their exclusive participation as unfair and threatening; their loans may be hijacked…A family whose adult members all have access to financial services is better off than one where half are ineligible."

Hugh Allen,
Microfinance
Forum, 2006

While the experiential knowledge of people like Hugh Allen should not be accepted without detailed investigation, his views are supported by concerns voiced for some time now by social

[10] Armendáriz – Morduch (2005). For estimates on repayment rates, see, for example, Khandker et al. (1995) who estimate that 15.3 percent of male borrowers were "struggling" in 1991 compared with only 1.4 percent of female who were missing some payments before the final due date.

scientists and anthropologists. Their observations, which run counter to conventional wisdom, are reviewed in the following section.

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2. Anecdotal Evidence from Bangladesh and Africa

In this section, we argue that there are potential dangers in excluding men from subsidized microfinance as this may lead to frictions between household heads, leading to lower quality and quantity of health and education provision within the overall household unit. At this stage the evidence for this position is anecdotal, deriving from Bangladesh and Africa. It suggests that there is a need to take into account the potential danger of excluding the men head of household from microfinance, as their exclusion can overburden women, and lower health and education outcomes.

Long before the 2006 Nobel Peace Prize was awarded to the creator of Grameen Bank, Muhammad Yunus, for his work in microfinance, household surveys from Bangladesh, dating back to 1999, documented evidence that microfinance was increasing frictions between husbands and wives, as husbands often felt threatened in their primary role as income earners (Rahman (1999)). Moreover, well-known evidence, from Bangladesh, suggests that microfinance does not increase women's bargaining power entirely, because on average, women borrowers surrender nearly 40 percent of their control over the investment decisions they make to male household members. More alarmingly, over 90 percent of the returns these women realize from their investments are handled by their husbands (Goetz and Sen Gupta, 1996).

In Africa, Linda Mayoux (1999), reports on a survey of 15 different microfinance programs. She finds that the degree of women's empowerment is household- and region-specific, with women's empowerment often strongly influenced by prevailing, somewhat inflexible, social norms and traditions. These findings have to be weighed against the fact that impacts on empowerment also depend on how well particular microfinance programs are designed. These findings suggest that empowerment and development outcomes are a multilevel issue, in which the aggregate outcomes of microfinance on development are influenced by factors at household level, the design of the microfinance initiative at the local level and social and institutional factors at the regional level. The influence of context factors and program design on empowerment outcomes leads to the exceedingly preliminary observations from a field experiment undertaken in southern Mexico by Beatriz Armendáriz, Dean Karlan, and Sendhil Mullainathan.

3. Anecdotal evidence from field experiments in southern Mexico[11]

Grameen Trust Chiapas, AC (henceforth called GTC) is one of the first replications of the Grameen model of microfinance in Latin America. The project is located in the highlands of southern Mexico. It deploys funds from the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) via Grameen Trust Bangladesh. The replication in southern Mexico, began in 1997 by

[11] This section draws from current field work with Dean Karlan and Sendhil Mullainathan in southern Mexico

lending to women-only groups.[12] In 2003, in sharp contrast to the original Grameen model, GTC took the risk of lending to men of some previously women-only groups. Since then the organization grew rapidly, and it now has over 12,000 borrowers in different groups, with a large majority of mixed-groups of women and men.

When branch managers in different geographical locations in the southern Mexican replication are asked why they have accepted men into women only groups, four explanations are offered. The first relates to informational asymmetries between men and women. One loan officer argues that even if loan disbursements and repayments are publicly known in women only groups, men tend to overestimate the amount of money that women are handling. They therefore decide to contribute less to overall household expenditure, which often creates frictions within the household. This has dynamic effects. In many instances, women under these conditions no longer use their loans purely for investment but divert some to make up for these shortfalls in the allocation for normal household expenditures on food, health, and, education (particularly in the month of August when the academic year starts). They also quarrel more often with their husbands who are no longer providing as much for these expenditures as they used to. Inviting some men to join the group allows them to have a more accurate estimate of women's real investments and their realized returns. With this information they are less likely to reduce their contributions to household expenditures. In those groups that became mixed, the improvements in information were accompanied by women borrowers investing more, and increased repayment rates by both men and women.

[12] A year later, and under the auspices of Grameen Foundation USA, some of the Grameen Trust Chiapas's managers founded AlSol, which currently serves approximately 3,000 borrowers.

A second explanation relies on the potential work-load externalities of having women as the only recipients of loans within the household. For example, another loan officer argues that when women contract a loan from GTC, they become busier, and that the quality of the services that women traditionally provide to the household such as meals, and household chores, decreases in quantity or quality or both. This, the bank manager argues, irritates men and creates a "tense" atmosphere within the household. This family tension causes women to default more often or prevents them from making their repayments on time. In contrast, when men are invited to join groups, they seem to internalize the negative work-load externalities created by GTC microloans to women. In the loan officer, Mr. Regis Ernesto Figueroa's own words: "*invited men help more their spouses in their businesses and in household chores, which in turn, reduces tensions, and enable women to repay on time, because men become de-facto business partners of women*".

A third explanation relates to the absence of secure places for women to hide money while they save for two consecutive weeks in order to make the repayments on their loans to GTC. Another loan officer argues that women cannot open bank accounts in commercial banks as these banks do not accept their very small savings, because the transaction costs for the commercial banks are too high relative to the amounts deposited. Women borrowers of GTC therefore hide the money for their repayments away from their husbands in different places, generally in the house, because husbands might steal the money and use it for buying alcohol and tobacco. When men are invited to join the group, this loan officer argues, the situation changes because under the "Grameen Rules", the man becomes responsible for the debt of the other men and women members of the group. "Women become happier. They no longer complain about their husbands or men in general. The household heads work harmoniously together", the loan officer explains.

A loan officer at the headquarters of GTC offers a fourth, and last, explanation of why men are invited into women's groups. She argues that the inclusion of men brings more women clients into the scheme, particularly more single women. She explains that the reason is because women generally face a trade off between being financially independent via a microloan from GTC, or, getting married. The argument goes that since GTC accepts men, women no longer face this trade off, and they are therefore more likely to become clients. Moreover, the inclusion of men, according to this loan officer, has increased marriage rates!

4. Attempts to Measure Empowerment and Disempowerment[13]

The anecdotal evidence set out above suggests a substantive need to explore in greater depth the relationship between microfinance structures and the issues of gender in development and empowerment around microfinance. This calls for experiments designed to test the effects of the inclusion of male head of households into otherwise women-only solidarity groups. Such experiments are exceedingly demanding to design and conduct. Nevertheless they are important given the challenges to the conventional wisdom, that women are increasingly empowered by microfinance that enables them to expand their businesses, earn a higher return so that their spouses would value them better, which translates into higher health and education provision for the household and in turn the wider community.

[13] For an explanation on random experiments, see Duflo, Glennester , and Kremer (2006).

In designing such studies it is recognized that differences in social and institutional norms may impact the outcomes. Ideally, any test of the empowering-disempowering hypothesis should therefore take place in different institutional contexts such as Bangladesh, Africa, and many other places in Latin America to establish whether the results are culturally and institutionally robust. However, finding partner microfinance institutions, which would allow researchers to conduct scientific experiments of this kind, is difficult enough, without the added challenge of multiple experiments in three continents involving multi-level research designs.

We report here progress to date with a pioneering study developed by Harvard and Yale researchers from the Innovations for Poverty Action (IPA) in their continuing study on the impact of gender issues on microfinance and health and education outcomes undertaken in association with the Grameen Trust Chiapas, A.C., in southern Mexico. The elements of this study are reported below.

Innovations for Poverty Action (IPA) researchers from Harvard and Yale designed a survey and a follow-up random experiment, using a sample of approximately 2000 borrowers in women only solidarity groups in 2006. In this experiment married-women-only-solidarity groups were (randomly) selected into treatments and controls. Control solidarity groups were not subject to any kind of "intervention" while the treatments were.

The treatments were divided into four different sub-groups. Intervention in the first sub-group consisted of allowing women voluntarily to invite their partners/husbands to join the Grameen-style solidarity group in order to acquire a microloan. The study sought to take into account the possible 'network effects' that might follow as invited male spouses joined solidarity groups increasing the synergies through the span of group members. IPA research design therefore allowed for sub-group of women who could invite other women friends to join their group. Similarly, it was recognized that as partners/spouses were invited to join, so household income would increase. This factor was taken into account by extending larger-sized loans to a sub-group open to women only clients. Last but not least, a treatment sub-group was established consisting of women who could invite their partners/husbands under their control providing them high and low monetary incentives to better proxy women's marginal benefit from being financially independent.

The researchers are using a follow-up survey of the four sub-treatment groups and the control group to assess and evaluate any behavioral changes at household level. Some of the questions that the research is designed to resolve are: a) did women borrowers decide to invite their male spouses to join, and if so, did their willingness to do so increase as they were provided with incentives? In what way did the inclusion or male spouses alter outcomes in terms of health, education, child labor, and bargaining power, for example? It is recognized that there are many other possible dimensions of change to address, but it is not possible to develop a more comprehensive set of questions until the initial results from the 2008 follow-up survey of behavioral changes are processed and analyzed.

In the meantime, researchers have detected some interesting idiosyncrasies in the sample of borrowers, which include five geographical areas that are quite distant from one another.

These preliminary observations show that in the bank branch with the highest proportion of indigenous population most of the decisions relating to investment and the expenditures from returns realized from microloans are taken by men head of household, not by women. It should be noted that Grameen Trust Chiapas, as well as other group–lending institutions such as AlSol, another Grameen replication founded by one of the authors of this article, have been serving borrowers in these branches/regions for a long time. The health and educational expenditures in these two branches do not differ considerably. If these longstanding microfinance initiatives to women had not already empowered women in such traditional societies, and assuming the head of household relationship is basically frictionless as wives systematically defer decision-making to their husbands, it is difficult to imagine what an intervention of the sort we undertook in that region could actually bring about in terms of further changes in behavioral patterns. In other words empowerment and development outcomes may be constrained by prevailing social and institutional norms that are difficult to change through microfinance initiatives operating at the household level.

For example, when the women in these branches are given the power to invite their spouses into the group this provides an empowering tool in its own right, and, household income is expected to increase when women actually decide to include their spouses. On the other hand we might expect that if any anticipated increase in household income, once partners are included as microfinance clients, is then controlled purely by men in line with prevailing norms, there would not be the expected improvements in outcomes, particularly with respect to health and education. If women understand these prevailing norms they might decide not to invite their spouses in the first place. It is however much too early in the experiment to make any predictions of substantive outcomes from the project.

A somewhat similar scenario seems to prevail in two more affluent branches and regions. Interestingly, in at least one of the two branches, women borrowers have remained with the Grameen Trust Chiapas for a much longer period of time compared to the other four branches. At this time their higher income and expenditure, on average, might be due to this continued microfinance activity, nevertheless, educational levels seem to be just as low as in the poorest branch, while it appears that health expenditures are somewhat higher. Whether women will opt for bringing their spouses in to the project, and whether this will translate into improved outcomes in terms of health and education remains an open question at this stage in the program.

An interesting situation exists in the other two branches and regions where the income of the borrowers is the highest. Women in both these regions are not only wealthier, they are also more educated and their health expenditures appear to be higher. These women seem to be more empowered in that they often declare themselves as being the main household head, and take most of the household decisions. Moreover, their spouses seem to be more supportive of their microbusinesses. It is not clear if the higher degree of empowerment felt by women in these branches is due to the microfinance initiative, different prevailing social and institutional norms or a combination of both. However, in this setting these women might value their financial independence, and if this independence has been accompanied by no increased friction in their household relationships, we should probably not expect these already empowered women to invite their partners to join the project. In the jargon of field experiments of this sort, take up might end up being low. Again, it is too early to tell as we do not yet know the level of take-up of male membership, nor do we know if the invitation of spouses to join will lead to improved outcomes in terms of expenditures on health or education, and women empowerment.

5. Concluding Remarks

At present the baseline survey in Chiapas indicates that the degree of women empowerment is in line with Linda Mayoux's (1999) findings in fifteen different microfinance programs in Africa. That is to say expenditure on health and education is household and region-specific and inflexible as a consequence of social and institutional norms that seem exceedingly difficult to change and seem to dominate household level initiatives.

However, empowering women via an additional tool, namely by giving them the possibility to voluntarily invite their partners into the group, might help to accelerate the process for change in those social and institutional norms. This might however prove more difficult in poorer regions where household decisions seem mostly to be dominated by men. The question then is why should subsidized loans that make women responsible for repayment, but do not give them power over crucial decisions regarding their business and household expenditures in health and education seems to be endorsed by donors? And, why microfinance programs focused on women at household level, due to the expected effects on empowerment and development outcomes, are not accompanied by policies that support women's empowerment at the social and institutional level? Moreover, as the microfinance industry becomes increasingly commercial, microcredit becomes increasingly burdensome on women. Why should women take on the responsibility for higher repayments in the first place? This view accords well with for-profit microfinance enterprises in Latin America where men are increasingly self-selecting themselves into programs offered by such enterprises. In the absence of subsidies, Grameen Trust Chiapas as well as other organizations in the region might be increasingly attracting men, not women. And the interest rates charged could be "friendlier" to women, if only because women are the main brokers of health and education within the household.

As far as the more affluent clients served by Grameen Trust Chiapas are concerned, it might be that the whole idea of excluding husbands can be counterproductive, because of informational asymmetries which appear to lead to mistrust, increased frictions between domestic couples, and worse: a decreased participation by men in overall household expenditures. This outcome is not what we understand is a preferred outcome for women. However, such disempowerment effects should be weighed against the value that women attach to their financial independence. At the household level we see an important balance then between women's greater financial independence on one side, and more demands on time and loss of money for established levels of expenditure on the other.

Given these scenarios women might be reluctant to invite their partners into their groups, but for different reasons. In the case of less affluent households in very traditional societies, having partners join the project would not change anything because of the inflexibilities created by prevailing social and institutional norms around roles in households in relation to decisions on expenditures. And in the case of relatively more affluent households because women attach too much value to their financial independence and that this independence is gained without any substantive losses to them in terms of empowerment.

Final results on take-up as well as potential behavioral changes from the treatments in this experiment on gender and empowerment effects should further clarify these questions and issues at the household level. The study should also shed some light on the broader implications and outcomes of microfinance designs in relation to changed conditions at household and community levels. Especially important will be the evidence of the extent to which the desired outcomes of microfinance programs are influenced or constrained by prevailing social and institutional norms. The study should reveal evidence on the relationship between gender, empowerment, and development as a basis to explore the policy implications of approaches to microfinance at household level linked to broader policies promoting women's empowerment in society.

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