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The Effect of Targeting Credit to Married Women on Intra-household Expenditure Roles in Ethiopia

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Abstract

With the proliferation of microfinance interventions in the developing countries poor women are increasingly being targeted by such programs with the expectation that credits will besides alleviating poverty also serve the empowerment of women. In recent year however, the empowering effects of microfinance to women is under close scrutiny and debate, as the available studies provide conflicting conclusions. The contradictions partly stem from choosing different indicators of empowerment and analyzing different dimensions of it. Little is also known how institutional rules, norms and economic organization may intervene to affect program outcomes differently. This paper is attempted to explore the potential effects of microfinance targeted at married women on intra-household expenditure roles and women's economic power taking the cases of two microfinance institutions in Ethiopia. A comparative analysis was used to account for the potentially varying effects of microfinance programs operating in different institutional contexts. The data is drawn from the data collected for PhD research during 2004 -2005. The study used a mix of data collection instruments including key informant interview, small-scale survey, in-depth interviews, case history, and group discussions. Depending on the socio-economic contexts and organizational policies microfinance programs may contribute to changing gender expenditure roles; and enhance women's financial independence and consequently reduce domestic conflict within the household. Hence, policies and programs that intend to narrow gender gaps through the provision of credit to women need to consider local circumstances and institutional constraints in program designs.

Key words microfinance, intra-household, gender, expenditure, domestic conflict, Ethiopia

1. Introduction

With the expansion of microfinance programs in low income countries millions of poor women in these countries have been able to access micro-credit services for economic activities[1]. The focus on women has been largely premised on efficiency (instrumental) and/or on equity ground (see for details Mayoux 1999, 2001; Cheston and Kuhn, 2002; Microcredit Summit, 1997); and whatever the rationale it is generally presumed that microfinance will contribute to both poverty reduction and women's empowerment objectives. However, to-date the potential effect of microfinance to women's empowerment is under close scrutiny and debate, as the available evidence and literature is conflicting and partial.

Numerous empirical studies support the empowering effects of microfinance to women (Hashemi, Schuler and Riley**,** 1996; Kabeer 2001; Lakwo, 2006; Osmani, 2007; Pitt and Khandker, 1996; Pitt, Khandker and Cartwright, 2006). Studies demonstrated that access to credit enables women to make independent income contributions to the household (Hashemi, et al 1996), and to build their own assets (Kabeer 2001; Pitt and Khandker 1996 Osmani 2007). Few studies also demonstrated the potential effects of microfinance targeted at women in reducing domestic violence (Mayoux, 2001). Mayoux (2001) suggested that women's access to independent incomes is likely to free women from abusive marital relationship. Others stressed on the importance of women's credit group membership in reducing women's vulnerability to domestic violence (Schuler et al, 1996; Hashemi et al, 1996) [2]. A recent study suggested that giving credit to women is more likely to increase women's empowerment while lending to men is likely to worsen women's subordinate position within the household (Pitt, et al 2006).

Conversely, other studies emphasized on the limited, and the possible adverse effects of microfinance to women's empowerment (Ackerly 1995; Goetz and Gupta1996; Johnson, 2005; Mayoux, 2001; Montgomery, Bhattacharya and Hulme, 1996; Rahman 1999). The negative effects reported include intensification of domestic conflict over loan-uses and related

[1] For example, a recent report by Daley-Harris (2008) showed that women comprised about 85% (77.13 million) of the poorest clients reached by 3316 microfinance institutions operating in the developing countries

[2] The reduction in the incidence of violence against women was explained in relation to family's fear of public exposure of violence against women (Schuler, *et al* 1996), and to avoid the risk of women's retaliation from bringing loans to the household (Hulme and Mosley, 1996). An incidence of violence against women was also evidenced in areas where gender transformation and re-definition of gender roles is in progress (Schuler, *et al* 1996).

repayments (Rahman, 1999); possible rise in women's workload (Goetz and Gupta1996; Kabeer, 2001, Haile, 2006; Haile and Bock, 2008), and the possible increase in women's expenditure burdens within the household (Mayoux, 2001). Some researches stressed that microfinance interventions may increase women's workloads and expenditure responsibilities without a corresponding increase in their incomes due to hierarchal gender relations within and beyond the household (Mayoux, 2001; Goetz and Gupta, 1996). Gender advocates question whether women's access to credit alone brings a meaningful change in women's empowerment or not (Ackerly, 1995; Goetz and Gupta, 1996; Johnson, 2005; Mayoux, 2001; Montgomery, *et al* 1996).

The fact that researches discussed so far reached conflicting conclusions can partly be explained by their choice of different indicators of empowerment and focus on different dimensions of it (Kabeer 2001).[3] Studies may reach different conclusions depending on the aspect of empowerment they examined. A comprehensive study that integrates all the key dimensions of women's empowerment is still lacking. A recent research by the authors suggested that microfinance interventions improve one aspect of empowerment undermining the other (Haile and Bock, 2008). Moreover, variations in institutional contexts such as gender norms and economic organizations may also mediate in shaping microfinance program outcomes differently (Johnson, 2005; Haile and Bock, 2008). Also about this we still know very little.

This study attempted to explore how access to credit by women affect the normative expenditure responsibilities within households, and it highlights on the way in which institutional settings intervene in the process. It also provides insight on the relation between women's economic independence and domestic conflicts. The study took place in Ethiopia. Ethiopia's cultural and socio-economic diversity provides a rich setting to make a comparative analysis, and to explore how variations in institutional settings may affect microfinance program outcomes differently. The study focuses on the Amhara Credit and Saving Institution (ACSI) and the Omo Microfinance Institution (OMFI), which operate in different institutional contexts in Ethiopia.

The remainder of this chapter is organized as follows. Section 2 discusses the conceptual framework of the study. Section 3 describes the research method and the data, including brief

[3] As discussed by Kabeer (2001), in order to explain women's empowerment the negative evaluators focused on process indicators such as managerial control (Goetz and Gupta, 1996), accounting knowledge (Ackerly, 1995) while the positive evaluators focused on outcome indicators such as different household decisions, economic contributions, mobility, etc, (for e.g. Hashemi *et al* 1996; Pitt and Khandker 1996, etc.,). According to Kabeer, the outcome-based indicators captured the desired changes in empowerments while the process indicators speculated program outcomes on women's empowerment based on proxy indicators

background information about the study regions, and ACSI and OMFI. Section 4 presents the empirical findings and discussions followed by a brief conclusion in section 5.

2 The Conceptual Framework

It has become increasingly recognized that intra-household relations are characterized by the simultaneous existence of cooperation and conflict (Sen, 1990). How household members reconcile their conflict of interest has been the subject of different theoretical formulation, empirical analysis and policy formulation[4] in the last decade. Development planners, policy makers and donors have increasingly becoming aware that developments interventions do not necessarily affect all individuals within the household in the same way. Evidence from the developing countries demonstrated that policies that were designed to increase women's and men's resources had differential effects on intra-household expenditure responsibilities (Pitt and Khandker, 1996; Thomas, 1997). Numerous evidence have suggested that women's ability to influence intra-household resource allocation outcomes are more likely to be affected by their relative access to resources, including assets (Doss, 1996; Quisubing and Maluccio, 2000; Fafchamps and Quisumbing, 2002), unearned incomes (Thomas, 1990) and credit (Hashemi, et al 1996; Osmani 2007; Pitt et al, 2003; Pitt and Khandker 1996). But intra-household resource allocation is too complex to be captured exclusively by economic logic (Sen, 1990; Folber, 1997; Agarwal, 1997). This is because institutional constraints, e.g. norms, rules, etc, may define and limit individual choices (North, 1990), and may reduce women's bargaining power as compared to men (Folber, 1997, Katz, 1997; Agarwal, 1997). Moreover, societal gender divisions may shape the management and the distribution of resources within the household (Moser, 1993; Lundberg and Pollak, 1993). Recent empirical investigations in Africa have shown the importance of social norms in influencing spouses' income allocations preferences (LeMay-Boucher, 2007), and women's labor allocation within the household (Kevean and Wydick, 1999).

[4] The bargaining theory of the household is the most widely applied approach in the study of intra-household resource allocation. The bargaining theory recognizes household resource allocation as the outcome of specific bargaining process, and assumes married couple's cooperate as long as cooperative arrangement is beneficial for both than leaving apart (Manser and Brown 1980). Different economic opportunities available to individuals outside marriage including individual wealth, permanent income, non-wage income, employability, family wealth, rules of property settlement etc, are proposed to enhance individual bargaining power within the household (MElory 1997).

Therefore, in this study we hypothesize that women's access to economic resources and their ability to influence intra-household resource allocation is inextricably linked to the prevailing institutional contexts, including societal norms, economic systems, and organizational policies.

3 Method and Data

This article is based on a PhD research, which took place in Ethiopia during 2004-2005. ACSI and OMFI were selected for this study from twenty-two microfinance institutions working in Ethiopia during 2004, based on strategic sampling[5]. The purpose of comparing ACSI and OMFI was to capture the influence of institutional contexts, including differences in terms of gender relations, economic systems, and organizational policies. The study was conducted in the Amhara and the Southern regions, which are the operational areas of ACSI and OMFI, respectively (see Map 1). The study districts and localities in the Amhara and the Southern regions belong dominantly to the Amhara and the Gurage ethnic groups, respectively [6]. The Amhara and the Southern Nations, Nationalities People's (SNNP) regions represent a contrasting reality of gender relations in many respects. There is a marked difference between the Amhara and the Southern regions with respect to the rules governing asset disposition upon divorce and death (Dercon and Krishnan, 2000; Fafchamps and Quisumbing, 2002). The customary practice provides the Amhara women right over property inheritance (Levine, 1965) unlike women in the South (Bevan and Pankhurst 1996; Dercon and Krishnan, 2000; Fafchamps and Quisumbing, 2002). In the Amhara region, women traditionally have more or less "equal" right over household resources compared to women in the Southern Region (Fafchamps and Quisumbing 2002; Bevan and Pankhurst 1996; Wondimu, Terefe, Abdi and Kefetew, 1997). Wondimu et al (1997) suggested that the Amhara women mostly own household land, cattle and residential houses jointly with their husbands while among ethnic groups in Southern region (including the Gurages) such resources are largely controlled by men. In contrast to women in the Southern region, women in the Amhara region exercise relatively more authority in household decision-making regarding "own" health, small and large purchases and mobility (Central Statistics Agency [CSA] and Macro, 2006). In the Amhara region women's independent earnings is also

[5] Some of the criteria used in site selection include program intervention in the rural areas, working with both men and women, program operational for over five years, accessibility, and contrasting gender and economic realities.
[6] The study districts and localities were selected based on the criteria used to select the study regions, but the absence of NGO intervention was also considered.

mostly pooled for joint decision-making by couples while in the Southern region women enjoy relatively more independence over their earnings (CSA and Macro, 2006).

There is also a considerable variation in the gender division of economic activities in the two regions. Relatively larger (68 percent) proportion of women in Amhara region participate in the agricultural sector compared to only 28 percent of the women in the Southern region (CSA and Macro, 2006). Contrarily, relatively larger percentage (59 percent) of women in the Southern region participates in the sales and service sector compared to only 15 percent in the Amhara region. In both regions, men's role in the agricultural sector is significantly high (89 to 91 percents), but, in the sales and service sector it is as low as less than 5 percent (ibid).

The above comparison indicates that the Amhara households' exhibit "jointness" in production, decision-making and property ownership (Amare, 1997) unlike the Southern household, which displays some aspects of "separateness". The research districts and the *Kebeles*[7] included in this study also share their respective regional properties. For example, in ACSI site women have significant access to and control over household production. Among the Gurage's, the husband mostly controls almost all household production with the exception of subsistence food crops *(enset*[8], maize and cabbage), poultry and dairy products. Gurage women are expected to generate their own incomes as their husbands are not traditionally expected to provide cash for their wives.[9]

ACSI and OMFI are established by the Amhara and the SNNP regional governments and affiliates respectively, with the objectives of alleviating regional poverty and promoting regional growth[10]. Both ACSI and OMFI have included women's empowerment as their objectives. ACSI started its operation as a saving and credit component of an NGO in 1995, and it was re-organized and licensed as microfinance institution in 1997 to operate microfinance service in the Amhara region. It is the biggest MFI with over half a million active clients in the country (Association of Ethiopian Microfinance Institutions [AEMFI], 2008). OMFI started its microfinance intermediation in the southern region after it was licensed in 1997. With active clients of over 120,000, it has become the fourth largest MFI in Ethiopia (AEMFI, 2008). In

[7] Kebeles is the smallest state administrative unit. The study was conducted in one rural Kebele in Moretna Juru district of the Amhara region, and three rural Kebeles in Meskan district of the Southern regions. We included three Kebeles in the Southern region since the number of married women clients in one Kebele was small.

[8] *Enset ventricosum* or false banana is an important staple crop in the Southern and South western parts of Ethiopia.

[9] Subsistence food crops are under women's control but often hardly sufficient to cover annual household food requirement. Gurage women (also men) are known for their business orientation. According to the head of Miskan district Women's Affairs Section, women's entrepreneurship skill is one of the important criteria in the marriage market

2003, women accounted 30 percent and 38 percent of ACSI's and OMFI's active clients', respectively.

In the study areas, the potential candidates for ACSI and OMFI loans were poor households with less than a pair of oxen. Only one person is eligible for loans with the exception of polygamous household in OMFI sites. To encourage or attract women to join credit groups, both ACSI and OMFI promote priority-for-women strategies[11]. However, there were cases where the not-so-poor households send their wives to access credit. ACSI and OMFI extend credit to individuals through self-select group of three to seven individuals. The aim of lending through groups is to induce peer monitoring and pressure on individuals who fail to make timely loan repayments. ACSI credit group members (or their representatives) usually meet at the monthly center meeting. In OMFI sites some credit groups meet regularly to collect monthly compulsory savings.

Since its operation in the study areas ACSI has been extending exclusively agricultural loans for investment in livestock-fattening[12]. OMFI shifted to delivering agricultural loans in 2002 after it had extended loans for micro-business operators for about four years. During the time of this study, both ACSI and OMFI were delivering agricultural loans in their respective sites, but loans were partly used for consumption and off-farm economic activities (See Annex 3 for detail loan-uses).

The data for the study was generated using a mix of data generating techniques including survey, key informant interviews, in-depth interviews, and focus group discussions. Use of multiple sources allowed triangulation of evidences from different sources (Yin, 2003; Merriam, 1988). Key informant interview was used to have a good understanding of the study areas, particularly socio-economic settings, program operations and gender relations. The survey questionnaire was administered for the study population - 142 married women clients,[13] and used to collect information in wide areas of issues including socio-economic profiles of borrowers and their households, loan-uses, household resource allocations, savings, etc,. Semi-structured interview and focus group discussions were used for in-depth understanding of program

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[10] Annex 1 and 2 provides details about ACSI and OMFI

[12] Livestock plays an important role in the local cash economy in ACSI Site. The area- Moreten Juru district- is known for livestock fattening.
[13] Because the number of female clients was relatively small, the entire study population was included in the survey, except those who were not around at the time of the study.

outcomes in its contexts. It was specifically used to a) have a client perspective of change (Kabeer, 2001); b) illuminate intangible changes in gender relations; and c) reveal unanticipated consequences of programs (Barnes and Sebstad 1999). Participants for in-depth interviews (50) and focus groups discussions (6 groups) were selected based on purposive sampling techniques[14]. The in-depth interviews also included the perspectives of spouses of and ex-borrowers in order to provide a wider picture of program effects.

4. Empirical Findings and Discussions

4.1 The visibility of women's economic role

In many traditional societies, an important feature of the gender division of labor is the invisibility of women's work. The patriarchal ideology perpetuates the stereotype of a man "breadwinner" and a woman "housewife" portraying women's work as secondary and subordinate to men despite their long working hours relative to men. As societies experience economic change, the type of work and its division between men and women also changes (Mackintosh, 1984). The expansion of credit to "poor" women has been widely promoted to create economic and employment opportunities for women.

The widely featured effect of women access to credit in this study is its contribution to the household economy. In the context of poverty and struggle for survival, ACSI and OMFI borrowers became a source of productive resources for their households. The survey findings and the in-depth interviews revealed that access to credit indeed enabled borrowers and their households to generate some cash incomes. Loan investment on draught animals, crop production and chemical fertilizers was vital in enhancing agricultural production and productivity. Some women were able to generate or expand their incomes due to access to credit.

Although women always have been engaged in economic activities even before they accessed institutional credit (Haile, 2006), they were largely regarded by others and also themselves as "idle or without work". Several women also described their pre-loan status as

[14] Some of the key criteria used in the selection of individuals for in-depth interviews include location, membership duration in accessing credit, types of loan-funded activities, age, household, religion, types of marital union, health, etc,.

"idle". Access to credit and involvement in loan-funded economic activities was found to improve perceptions towards women economic roles within the household. A woman and a man describe this situation before and after access to credit as follow:

> Previously [before women's began to take loans from ACSI] it was only the man that was working but now this shows that the woman also can work and make money (SB, ACSI borrower).
>
> She [his wife] used to spend more time in the neighborhood to drink coffee [because she did not have work to do]. However, after she joined the program, she started to become busy (KH, OMFI borrower).

As the above testimonies suggest women's economic contribution to the household was not that valued before access to credit. Because, in the study communities deep-rooted gender ideologies portray women as "non-productive housewives', and undermine their direct and indirect economic contributions to the household. In households where women's credit had led to a significant improvement in household economy, women's economic contribution was highly valued and recognized as the following testimonies illustrate:

> I see my wife as an instrument in improving our living standard because she is the one that borrowed the money (EL, ACSI borrower).
>
> My husband appreciates my work. He said that his living standard had improved because of my involvement in the loan and saving program (BB, OMFI borrower).

The above testimonies clearly illustrate women's contribution to the wellbeing of their families by being the source of credit fund, and their work. The survey finding suggested that both ACSI and OMFI borrowers (women) had considerable labor contributions to the loan-funded economic activities compared to their husbands (Annex 4). However, it is also important to note that change in living standard has not yet materialized in all borrower households'. The economic impact of borrowing was stronger among repeated borrowers compared to few time borrowers suggesting that women's access to credit would bring a meaningful change in the household economy after repeated borrowing.

4.2 Loan-funded enterprise incomes and expenditures roles

This section assesses household expenditure patterns in relation to the incomes derived from the loan-funded household enterprises (livestock-fattening), and the women's off-farm economic enterprises. The main aim is to explore how women's access to credit affects men's and women's expenditure responsibilities within the household. In addition, the effects of women's economic independence on marital conflict will be briefly discussed.

4.2.1 Loan-Funded Household enterprise: Table 1 presents the survey result regarding the main use of incomes from loan-funded (LF) household enterprises by ACSI and OMFI borrower households. The finding suggests that ACSI borrowers mostly used their incomes from this source on chemical fertilizer (82 percent), children's education and clothing (34 percent), and food (21 percent), while OMFI borrowers used the incomes from similar source on children education and clothing (60 percent), food expenses (60 percent), and on assets, savings and other investments (20 percent). The table showed that children's education/clothing and food items are the common expenditure areas for both ACSI and OMFI borrower households. Since chemical fertilizer is used to increase household grain production, it can be said that expenditure on chemical fertilizer is directly related to household food production or supply. Therefore, ACSI and OMFI borrower households used incomes from livestock-fattening to address household food requirements (directly or indirectly) followed by children's education and clothing.

Table 1 Main Use Incomes by Type of Loan-funded Enterprises & MFIs

Expenditure area	Household enterprise				Off-farm
	ACSI N=83		OMFI N=50		OMFI (%) N=17
	No.	%	No.	%	
Fertilizer*	68	82	1	2	%
Children education and clothing**	28	34	55	60	18
Food*	17	21	30	60	65
Assets, savings & re-investment	8	13	8	20	18

Source: Household Survey 2004
Note: *very significant (at 1% level) difference between ACSI & OMFI borrowers.
** Significant (at 5%level) difference between ACSI & OMFI borrowers.

Given women's limited say over household agricultural products particularly in OMFI site, uses of incomes from LF household enterprises on food may suggest that access to credit indeed help women to fulfill their traditional food related obligations. In-depth interviews also revealed that ACSI borrowers preferred to use incomes on men's traditional expenditure areas particularly fertilizer, children's education, because in doing so they prevent the sell of grain and consequently minimize the risk of food shortage within the household[15]. Whatever the reasons, the existing expenditure patterns in both ACSI and OMFI sites appeared to reflect the expenditure responsibilities (or preferences) of both men and women within the household. However, Kabeer (2001) suggested that loan induced expenditure on food may reflect the survival and poverty orientation in expenditure rather than gender-based choices. Her argument seems plausible given the likelihood of microfinance target groups to belong to poor households, where food becomes a pressing need. But on the other hand, our analysis of household decision-making on the uses of incomes from LF household enterprises (Annex 5) demonstrated that borrower women had significant or equal say about the uses of such incomes. And this may suggest that access to credit by women and loan investment in household level enterprises grant women (also men) the opportunity to address their gender specific or traditional expenditure responsibilities.

4.2.2 *Woman's off-farm loan-funded enterprises.* The survey findings (Table 1) for OMFI borrowers[16] indicates that about two-third of OMFI borrowers often spend their incomes from off-farm loan-funded enterprises to purchase food items. Nearly a fifth of borrowers each used their off-farm incomes to pay for children's education and clothing, and on personal assets, savings and investments. The fact that food occupies a central place in women's expenditure again reflects the top priority that women give to their traditional expenditure responsibilities.

A more detailed uses of women's incomes was obtained through the in-depth interviews and group discussions. Table 2 summarizes the areas of women's expenditures before and after access to credit based on in-depth interviews with eight women, who used their loans to operate independent loan-funded economic activities.

[15] On the other hand, it appears from the in-depth interviews that local service cooperative arranged the timing of fertilizer credit repayment around ACSI's loan repayment so that borrowers use loan related incomes.

[16] ACSI is excluded from the survey data analysis due to the small number of cases.

Table 2 Use of women's income-expenditure before and after access to credit

MFI	Before access to credit		Expenditure after access to credit
	Sources of income	Expenditure	
ACSI Short-time	"Own" Off-farm income	Domestic expenses:	Domestic expenses, children clothing and schooling, own clothing, *iddir*, social network
Long-time	Husband	Domestic expenses	Domestic expenses children clothing and schooling, own clothing, *iddir*, social network, medical expense,
OMFI Short-time	"Own" off-farm income and husband	Domestic expenses	Domestic expenses, i*ddir* , social network
Long-time	"Own" Off-farm income, food crops, husband	Domestic expenses	Domestic expenses, *Iddir*, children clothing and schooling, own clothing and jewelry, personal assets and savings, medical expense, give cash to men

Source: In-depth interviews 2005

As indicated in the above table, prior to access to credit women used to cover food related expenses from "own" income-generating activities, subsistence production, and housekeeping from men. Several of these women, particularly in OMFI sites, noted that they were partly dependent on their husbands to fulfill their traditional food provisioning responsibilities. Access to credit enabled these women to engage or expand independent income-generating activities. As a result, most of these women reduced their financial dependency on men as the following testimony shows: "I did not have enough to support the family, so he used to give me money. However, after started saving [means accessed credit] I cover all the expenses related to the family" (SY, OMFI borrower). Several of women mentioned that they buy food items in a relatively larger quantities and abundantly, and began to provide household members (especially small children) with nutritious foods. Both repeated and few time borrowers who used part of their loans for their "own" economic activities were able to expand incomes to meet food related expenses.

Women's access to credit also helped borrowers to cater for personal effects that are strategic to gender relations. In ACSI site, this effect was limited to women's clothing, and savings while in OMFI sites, it includes investment in women's jewelry and independent assets and savings. The income effect of repeated borrowing was evident in a range of personal expenditures (Table 2), suggesting the likelihood of microfinance programs to enhance women's economic position through time. In-depth interviews and group discussions also revealed that OMFI repeated borrowers mostly save loan-related incomes in the form of cash especially with *equip* (rotating and credit and saving association), and with relatives as a clandestine saving. Savings are mostly used by women for re-investment in business, and as a security in case of emergencies and special needs. Some women also used their LF independent enterprise incomes and savings on assets such as poultry, goats, sheep, calf, and heifer. Building own savings and assets for women are strategic actions especially in the Southern region context where women's right over household property is very limited.

Reciprocity based social networks are important livelihood strategy for poor households to access financial and social resources at times of needs (World Bank, 2000). Similarly, both ACSI and OMFI borrowers give important social and economic values for being a member of informal social institutions such as *Iddir* (funeral and mourning association), and networks among kin, friends, and neighbors. After access to credit, particularly OMFI borrowers stressed the importance of their financial contribution for monthly *iddir* fees.[17] Because of loan induced independent incomes the women were able to provide financial supports and gifts to people at times of needs. Women emphasized that in the past poverty used to restrict them from participating in mutual social network as they were unable to reciprocate. As one OMFI borrower put it, "...if you have money it is obvious that you will have friends and relatives, ...when you do not have money people will not come to you, as you would not visit them". This clearly illustrates that transfers, gifts, and loans between network members operate with an anticipation of reciprocity (World Bank, 2000).

Children's clothing, education and medications are the other non-traditionally female expenditures, which women started covering after access to credit. Although women's credit may appear to induce female child labor and detrimental to the wellbeing of girls[18], borrowers seemed to offset this by addressing the schooling and clothing needs of their children.

[17] It is important to note that in the Gurage (OMFI) sites household may have up to five iddirs compared to a maximum of two *iddirs* in the Amhara (ACSI) site. This difference has implications for monthly contributions.
[18] We observed that women who used loans for diversified economic activities mobilize girls' labor for income generating activities and domestic works.

The finding suggests that increase in women's independent incomes is likely to affect the normative gender based expenditure divisions by enhancing women's economic power within the household. But, this does not necessary mean that women exclusively took over men's expenditure responsibilities. Instead women began to supplement men's expenditure responsibilities, and strengthen their traditional expenditure domains. The study also finds that women employ different strategies to avoid expenditure pressure or demands from their husbands. For example, one OMFI long-time borrower noted that she deliberately asks money from her husband to make sure that her husband contributes his incomes to the household expenditure. Moreover, the facts that some women had a clandestine savings and invest incomes on independent assets may suggest that women systematically circumvent extensive expenditure expectations from household members.

Change in women's expenditure domains was observed largely among repeated borrowers who used loans for independent off-farm economic activities. Particularly in OMFI sites repeated borrowers were able to do so because they joined credit groups at the time OMFI delivered loans for individual level micro-businesses which allowed them to expand or establish independent micro-businesses. These women continued to finance their off-farm income-generating activities even if OMFI loans were extended to finance livestock-fattening enterprises.

4.2.3 Women's incomes and domestic conflicts: Domestic violence is a widespread phenomenon in Ethiopia (CSA and ORC Macro, 2006). Financial problem is one of the main causes of marital conflict in Ethiopia (Wondemu *et al*, 1996).

Poverty may reinforce gender inequity by exacerbating marital tensions over scarce resources. Given the "poor" economic background of households targeted for loans, and women's limited access to household resources compared to men particularly in OMFI site, it is possible that finance could be a cause of marital conflict particularly among OMFI borrowers. For households who experienced marital conflict over finance, women's access to credit and loan investment in women's income-generating activities was instrumental in reducing women's financial dependency on men, and consequently minimizing finance related conflicts within the household. Two OMFI borrowers describe how marital conflict over finance began to decline because of their increased independent earnings:

> Before I joined the program, there was a lot of quarrel between us [the couple]. I used to ask him [her husband] for money, and he did not want to give and that usually led to conflict.

> Now [after access to credit], I work and get money. I do not need much from him. I just do what I want by myself (BB, OMFI borrower).

> In the past we were having conflicts because of poverty. We were grumbling and complaining because of poverty, and that used to lead us into conflict. ... We were usually quarrelling because he [her husband] was not giving finance 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. Now we are working and making profits. What can make us fight now? There is no conflict at all. We can even reconcile other couples when they get into conflict (WW, OMFI borrower).

The above two stories demonstrate how poverty and women's financial dependency on men create tension and conflict within the household. The cases represent the Gurage community (OMFI) where women traditionally exercise limited right over household finance, while they are responsible to cover gender specific expenditure responsibilities. Although women in this community strive to get their own incomes to address their expenditure responsibilities, they were not totally independent from their husbands. This financial dependency was the cause of marital disagreement and conflict as men were not always willing to give money for their wives. Access to credit by women was helpful to reduce or remove women's financial dependency on men and related marital conflicts. Similarly, Kabeer (2001) found that women's access to credit contribute to the reduction of marital conflict because access to credit helped women to provide for the family and share men's expenditure burden.

On the contrary, as indicated in the literature we also come across cases which show incidence of marital conflicts in connection with women's access to credit. M marital conflict may crop up when a woman refuses to bring a loan to the household, or when the husband wants to control the loan-funds and related incomes. The survey finding shows that 15-16 percent of ACSI and OMFI borrowers reported that they experienced domestic conflict over the uses of their loan-funds. This figure may appear to be insignificant but it is possible that women may under report marital conflicts over loan-usage for the reason of privacy and for fear of exclusion from the program. Such marital conflict can be regarded as an event that emerge in the process of gender transformation or when women began questioning their husbands' actions. According to Schuler et al (1996), “the most empowered women typically emerge from the period of conflict with a new definition of their roles and status in the household”. However, every woman may not succeed in such process. Some women may succeed and others may “give in” or “give up” in the process. For example, one ACSI borrower who attempted to control loan related incomes by joining her husband to livestock-market were unable to do so and gave up because of a repeated verbal and physical abuse from her husband.

5. Conclusion

The evidence presented above shows that the outcomes of microfinance interventions, targeted to married women may vary systematically depending on the institutional contexts in which women’s lives, and gender relations are embedded. It appears from the survey finding that access to credit by women and loan investment in household level enterprises is likely to address men’s and women’s expenditure preferences. In a context where women and men assume more or less a separate income and expenditure streams, loan product that induce women’s independent economic activities is likely to enhance women’s independent incomes and expand their expenditure domains. Because of OMFI’s past micro-loan product which was designed for individual micro-business operators, OMFI repeated borrowers were able to expand their independent incomes, and to contribute to the various needs of their households. They began to cover various household expenditure including expenses which are traditionally associated with men. This in turn contributed to the reduction in the incidence of domestic conflicts. Income investment on women’s personal assets and social networks have great relevance to women’s bargaining power as it enhances their fall-back positions in case of marriage breakdown. In ACSI site, where men and women enjoy more or less equal access to resources, access to credit by women strengthened women’s normative expenditure responsibilities directly or indirectly.

The main policy implication of the study is depending on the socio-economic contexts and organizational policies microfinance programs may reduce women’s financial dependency on men, and consequently reduce domestic violence within the household. Hence, policies and programs that intend to narrow gender gaps through the provision of credit to women need to consider local circumstances and institutional constraints in program designs.

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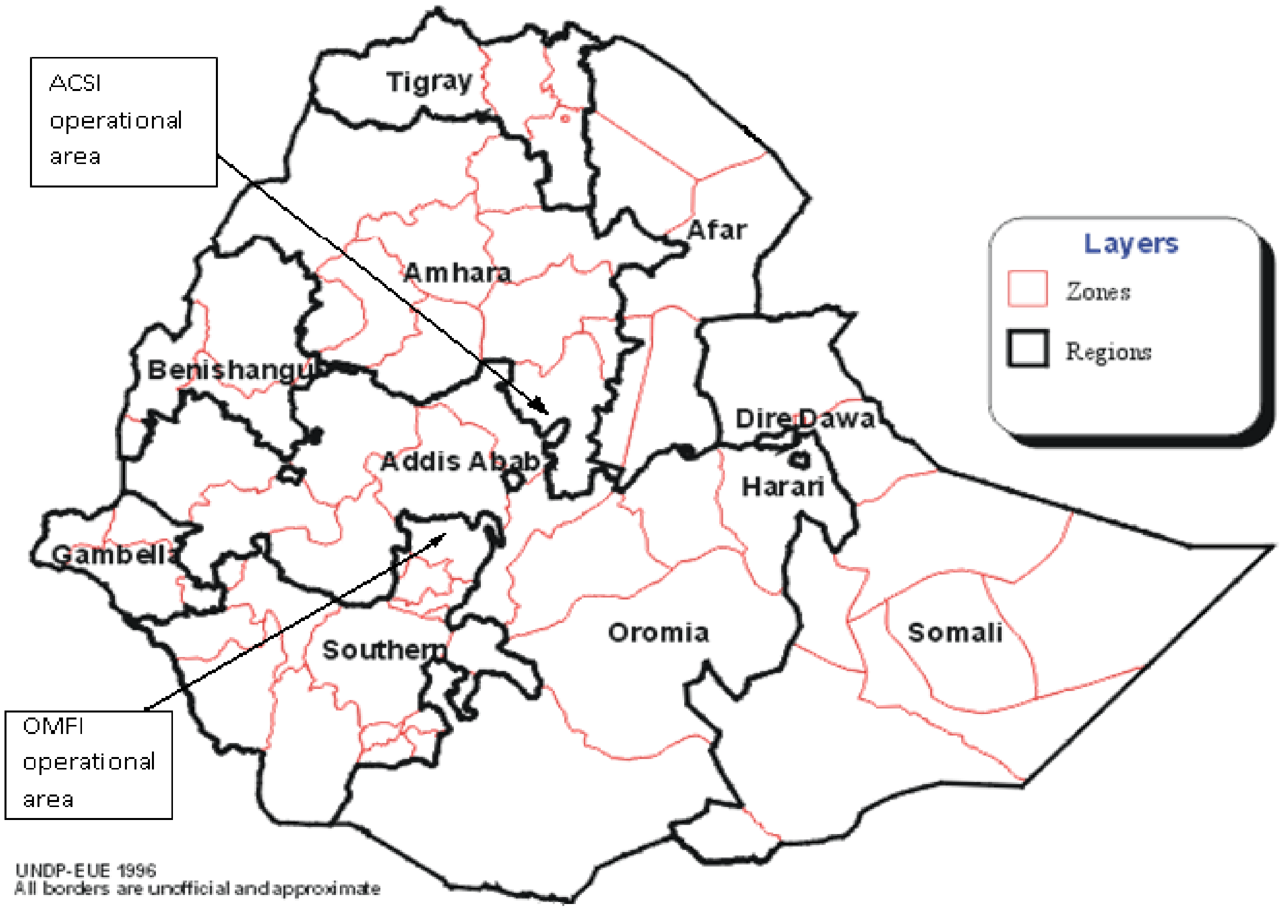
Map 1 Administrative Regions and Zones in Ethiopia



Annexes

Annex 1 Main Profile of ACSI and OMFI

description	ACSI[a]	OMFI[b]
Date of establishment registration	1995/1997	1997
Operation area	Urban & rural areas in Amhara Region	Urban & rural areas in SNNPR
Main objective	Poverty alleviation	Poverty alleviation
Shareholders	Regional Government (25%) ORDA (35%), ADA (20%), AWDA (10%) and Endeavor (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 (both men and women)	Defined	Defined
Rural poor	Who own not more than one ox	Not more than one ox / a half hectare of land
Urban poor		Petty traders
	Petty traders	Low income not further defined
Low income salaried individuals		
Others- non poor	Earning less than Birr 300 salary per month	Micro and small scale entrepreneurs (MSE)
	Cooperatives	
	Business operators	
Total active clients in 2003	288,681	70590
Percentage of female active client 2003	30%	38%

Sources:
[a]ACSI (2004) Institutional Profile, Current Status and Future Strategy, Bahir Dar
[a] ACSI(2003) Summary of Credit Report for the Month of December 2003 (OMFI
[b]OMO Microfinance Institution (2003) Three years Strategic Plan 2003.2005, Awassa
[b]OMO (2003) Operational Policy and Procedural Manual, Awassa

Annex 2 Features of main loan products for the poor by ACSI and OMFI

Loan product	**ACSI[a]**		**OMFI[b]**	
	End-term define	Installment	End-term	Installment
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
Collateral Compulsory savings Property	5% upfront, 1% monthly	3% upfront, 1% monthly	5% up front Birr 6 monthly	5% up front Birr 6 monthly
Minimum	Birr 150-200	Birr 200	Birr 200	Birr 200
Maximum	Birr 3000	Birr 5000	Birr 5000	Birr 5000
Maximum first time loan	Birr 750	Birr 750	Birr1000	Birr1000
Predominant loan use	Agriculture	Processing, manf, trade & service	Agriculture	Business
% of portfolio	76.67%	15.22%	65%	35%

Sources:
[a] Amhara Credit and Saving Institution (2004) Institutional Profile, Current Status and Future Strategy, Bahir Dar
[a] USAID (2005) Amhara Credit and Savings Institute: Ethiopia USAID AMAP financial Services Knowledge Generation-State Owned Retail Banks
[b]Omo Microfinance (2003) Operational Policy and Procedural Manual, Awassa
[b]Omo Microfinance (2003) Loan Report 2003

Annex 3 Frequencies of ACSI and OMFI borrowers by loan-use purpose (2004)

Loan-use purpose	**ACSI N=86**		**OMFI N=56**	
	No.	%	No.	%
Livestock related [a]	84	98	54	96
Off-farm economic activities [b]	3	4	21	38
Crop production [b]	2	2	12	21
Consumption use [a]	18	21	11	20

Source: Household Survey 2004

Note: [a] no significant difference between ACSI and OMFI borrower households; [b] a very significant (1%) difference between ACSI and OMFI borrower households.

Annex 4. Comparison of couple's labor supply to the loan-funded activities

Loan-use purpose	**ACSI[a]**		**OMFI**	
	No.	%	No.	%
Livestock-fattening *				
More husband	1	1	21	40
Couple equal	4	5	3	6
More wife	78	94	29	55
Sub-total	83	100	53	101
Off-farm activities				
More husband	-	-	4	19
Couple equal	-	-	0	0
More wife	-	-	17	81
Sub-total	-	-	21	100

Source: Household Survey 2004
Note: * very significant (1%) difference between ACSI and OMFI borrower households
[a] ACSI is excluded since the number of cases were very few

Annex 4 Frequencies and percentage distribution of ACSI and OMFI borrowers by decision-making on incomes from loan-funded livestock enterprise

Decision-making	**ACSI**		**OMFI**	
	No	%	No	%
Little	19	23	23	45
Equal	27	33	4	8
Full	37	44	24	47
Total	83	100	51	100

Source household survey 2004
Note: A very significant (1%) difference between ACSI and OMFI borrowers