

The Bumpy Road to Empowerment: Assessing Microfinancing in Sri Lanka from a Women's Empowerment Perspective



Sri Lankan women of the “Collective of Women Victimized by Microfinance Debts” during their 55-day non-violent sit-in at Hingurakgoda Town Square (Credit: Ishara Danasekara).

Floortje Maria Carlier, 5005969

Utrecht University

15-07-2021

A thesis submitted to the Board of Examiners in partial fulfilment
of the requirements of the degree of Master of Arts
in Conflict Studies and Human Rights

Supervisor

dr. Lauren Gould

Date of submission

15-07-2021

Program trajectory

Internship (15 ECTS) and Thesis Writing (15 ECTS)

Word Count

16.570

Abstract: Microfinancing is a development strategy employed across the globe. In short, microfinancing refers to the provision of small loans/microcredit to impoverished populations. Microfinancing is particularly aimed at (rural) women and is professed to be positively concerned with women's empowerment. Microfinancing became a central tenet of the Sri Lankan post-war development strategy. Recently, women's protests against the negative implications of microfinancing broke out in Sri Lanka. In light of these protests, this thesis investigates the evolvement of the empowering impact of microfinancing on rural Sri Lankan women. In this regard, the overall aim of this research is to 1) assess microfinancing's potential to empower women, and to 2) assess the appropriateness of microfinancing as a development strategy in the Sri Lankan context. To this end, Sara Longwe's Women's Empowerment Framework is applied, a framework designed to analyze women's empowerment through developmental efforts across five distinct dimensions of empowerment: 1) welfare, 2) access, 3) conscientization, 4) participation, 5) control. By using this framework, this thesis synthesizes the current academic debate surrounding microfinancing and women's empowerment in Sri Lanka and purports a distinctly multi-dimensional understanding of the concept empowerment. From the analysis of rural Sri Lankan women's empowerment across Longwe's dimensions, constraints are distilled hampering empowerment and overarching patterns are deduced. These constraints and patterns are relevant not only in reference to the Sri Lankan case specifically but could also inform future research and deepen our understanding of microfinancing as a strategy that has the potential to both *empower* and *disempower* women at the same time.

Keywords: Microfinancing, Empowerment, Sri Lanka, Women's Empowerment Framework, Vicious Spirals

TABLE OF CONTENTS

INTRODUCTION	6
Empirical Evidence and Social Relevance	6
Scientific Significance	7
CHAPTER 1: ACADEMIC DEBATE	10
The Divide	10
Neoliberal Critique	11
Microfinancing and Empowerment	13
Overview	15
CHAPTER 2: METHODOLOGY	16
Ontological and Epistemological Perspective	16
Research Design	16
Sampling	17
Data Collection	18
Analysis	20
Limitations	21
CHAPTER 3: THEORIZING EMPOWERMENT	22
Women's Empowerment	22
Empowerment and Development	24
Women's Empowerment Framework	26
CHAPTER 4: MICROFINANCING IN SRI LANKA	28
What is Microfinancing? – The Cultivation of the 'Bankable' Subject	28
The Sri Lankan Microfinancing Landscape	31
CHAPTER 5: ANALYZING THE IMPACT OF MICROFINANCING ACROSS LONGWE'S FIVE DIMENSIONS OF EMPOWERMENT	33
Welfare and Access	33
Conscientization	38
Participation and Control	41

CHAPTER 6: INTERPRETING EMERGING PATTERNS 46

Vicious Spirals 46

Disparity Across MFIs 47

The Paradox of Protest 48

CONCLUDING REMARKS 50

Introduction

Empirical context and social relevance

On March 8th, 2021, in line with this year's international women's day, more than one hundred women gathered in protest at the Hingurakgoda town square in Polonnaruwa, a city in Sri Lanka's Northern Province (Srinivasan, 2021). The women at the square were protesting against predatory lending companies, whom they claim have victimized countless female borrowers over the past six years. According to the Movement for Land and Agricultural reform, more than 2.8 million people in the Northern and North Central Provinces – many of whom are women – suffer from being unable to pay back overbearing microfinance loans (Sirimanna, 2021). Consequently, these women are harassed verbally, physically, and in some cases even sexually by debt collectors (Legrand, 2020). The Sri Lankan protestors further claimed that more than 200 women have taken their own lives as a result of predatory lending practices (Srinivasan, 2021). Consequently, these protestors are demanding that the government implement stricter regulations on microfinancing institutions. The protest shines a light on a policy practice that has long been acclaimed: *microfinancing*.

Microfinance loans are part of the financial services provided by microfinancing institutions (MFIs) to people from low-income backgrounds and are often targeted at poor women specifically (Rankin, 2001). Bangladeshi economist and banker Muhammed Yunus is widely considered the pioneer of microfinancing. Yunus conducted the Grameen Banking experiment in Bangladesh; a project that was so successful that microfinancing soon became a central tenet in developmental strategies across the globe (Rankin, 2001). Moreover, Yunus was awarded the Nobel Peace Prize in 2006 for his efforts to “create economic and social development from below” (“Muhammad Yunus, Grameen Bank”, 2006).

Microfinancing has a long-standing history in Sri Lanka but was reintroduced as an economic development strategy in the wake of the civil war that tore the country apart between 1983 and 2009. In Sri Lanka, microfinancing is particularly aimed at women in the Northern and Eastern Provinces, because these areas were most ravaged by the war (Yogendrarajah and Semasinghe, 2015). For many years during the civil war, Sri Lanka's Northern and Eastern Provinces were under the control of the Liberation Tigers of Tamil Eelam. Economically, the Northern Province has long been unstable. Unemployment rates in the area are considerably higher than in the rest of the country (Newhouse & Silwal, 2018). The majority of those employed in the Northern Province earn their livelihoods as farmers, fishermen, or in other agricultural professions (Newhouse & Silwal, 2018). Because the aim behind microfinancing is to empower the poor and Sri Lanka's poverty rates are the highest in the Northern Province, microfinancing as a

development strategy has mostly been concentrated in rural areas of the Northern Province. Moreover, the low employment rate in the North is linked to low rates of female employment (Newhouse & Silwal, 2018). In the whole country, feminization of poverty is a pressing issue (Yogendrarajah & Dissanayake, 2015). As such, a strategy like microfinancing that is primarily concerned with the provision of credit to (rural) women would seem especially suitable for this area.

Yet, the protests like the one in Hingurakgoda town square paint a different picture of this developmental strategy professed to be economically and socially empowering. The academic debate surrounding microfinancing is further testimony to the project's dual nature. The 2009 microfinancing crisis in India's Andhra Pradesh region in particular created a stark divide in the academic debate surrounding microfinancing. Those who applauded microfinancing's uplifting potential were met with resistance from scholars criticizing the project for harnessing empowerment to mobilize gendered collectivities towards capitalist ends. Relying on neoliberalist critique as a foundation for their arguments, the opponents of microfinancing grew in numbers and have long sought to issue a warning against the project's negative implications. Still, microfinancing continues to be used as a developmental strategy to this day.

In reference to the Sri Lankan case specifically, there is no consensus on the empowering potential of microfinancing for rural Sri Lankan women. What is prevalent in the current discourse however is a growing concern about the project's negative implications such as dispossession, abuse, and a worrying increase in suicides. Journal articles and online publications are drawing more and more attention to the potentially detrimental effects of microfinancing for women (The Economist, 2019; Jayawardhana, 202).

Scientific Significance

The claimed objective of microfinancing is to 1) alleviate poverty, and 2) empower women. Though microfinancing's potential to alleviate poverty has been investigated at length, a direct assessment of the project's empowering potential has not been done in light of recent turmoil. In the general academic debate, there is much discord about microfinancing's potential to empower. Whereas some maintain that microfinancing has the potential to empower female borrowers economically, socially, and politically, others argue that potential disempowerment through microfinancing lies just beyond the corner.

Existing research on women's empowerment through microfinancing in Sri Lanka specifically purports a particular understanding of empowerment as a one-dimensional concept. As such,

existing research tends to measure the empowerment of Sri Lankan female borrowers through one or two proxies such as increased welfare or increased decision-making power. This thesis however analyzes the Sri Lankan case through Sara Longwe's (1995) *Women's Empowerment Framework*; a framework developed to assess the extent to which development programs directly and indirectly support women's empowerment across five distinct dimensions: 1) welfare, 2) access, 3) conscientization, 4) control, 5) participation. Through the application of Longwe's framework, this thesis moves beyond a one-dimensional conceptualization of empowerment. In supporting a multi-dimensional understanding of empowerment, this thesis contributes to the current academic debate by expanding the understanding of women's empowerment through microfinancing in Sri Lanka. What is more, bringing together previous efforts to assess rural Sri Lankan women's empowerment through microfinancing, this thesis synthesizes the fragmented academic debate.

Through the application of the Women's Empowerment Framework, it is investigated whether microfinancing is a suitable post-war development strategy in the Sri Lankan case. Does the purpose of this project – to empower women and lift them out of poverty – align with the reality it has created for rural Sri Lankan women? Or is this a project that presents itself as inherently empowering whilst culminating in little to no change for women's status in the country?

Thus, the overarching research question under investigation in this thesis is:

How has the empowerment of rural Sri Lankan women evolved through microfinancing projects that are part of the Sri Lankan post-conflict development strategy from 2009 onwards?

To answer this question, this thesis takes on the following structure: The first chapter is dedicated to tracing the academic debate surrounding microfinancing. Following the discussion of prevalent trends in the academic debate, the second chapter explains the consistency of the research methodology to the research question. The third chapter theorizes empowerment and expands on Longwe's Framework. Chapter four establishes the contextual background to this research by discussing the Sri Lankan microfinancing landscape. In chapter five, the analysis of rural Sri Lankan women's empowerment across Longwe's five dimensions is brought forth. In the analysis, particular attention is paid to constraints that hamper women's empowerment, thereby highlighting the potentially disempowering impact of microfinancing. The following chapter, chapter six, expands on the analysis by interpreting patterns that emerge from it. Finally, the conclusion brings the findings of the analysis and interpretation together to

contribute to the academic debate that pertains not only to the Sri Lankan case but to microfinancing as a development strategy more broadly.

This thesis seeks to deepen the current academic debate by critically engaging with microfinancing's empowerment potential in a case-specific context. Though the academic debate on microfinancing is broad, the discussion often remains at a theoretical level. When the linkage between microfinancing and empowerment is discussed at a case-specific level, the discussion focuses only on one or a few specific dimensions of empowerment. The application of Longwe's framework to the Sri Lankan case will warrant a multi-dimensional analysis of empowerment through microfinancing. What is more, this research's dedication to uncovering patterns from the analysis allows its contribution to apply not only to the Sri Lankan case but to the microfinancing industry more broadly. Finally, it must be noted that this research recognizes and is informed by the gendered nature of neoliberal economic policy and critically engages with the justificatory usage of the term empowerment from a neoliberal perspective.

Chapter 1: The Academic Debate

Microfinancing was first introduced by Muhammed Yunus through the Grameen banking project in Bangladesh (Jacobs et al., 2012). Grameen's success was instrumental in encouraging other institutions to operate small-scale microfinancing programs in Bangladesh and later in other parts of the world (Jacobs et al., 2012). The Grameen Banking project was innovative in the sense that the Bank provided small loans to landless women seeking to start a small business (Jacobs et al., 2012). These women would not be considered for loans otherwise because they lacked the collateral assets required to be eligible for lending practices. Microfinancing mitigates the risk of lending to poor rural women by organizing women into lending groups or by guiding them in their saving process.

The success of the Grameen Banking project propelled microfinancing forward and it soon became mainstreamed as a major development strategy (Tilakaratna & Hulme, 2015). Scholars like Morduch and Haley (2002) added to microfinancing's momentum by arguing in favor of its effectiveness as a tool for poverty alleviation and poverty reduction. In a similar vein, Robinson (2001) stated in her World Bank report *The Microfinance Revolution* that the demand for small-scale financial services was high and that, where available, microfinancing's financial services allowed low-income people to greatly improve their productivity, income, and welfare.

This growing enthusiasm for microfinancing for poverty alleviation and development culminated in the United Nations declaring 2005 the "International Year of Microcredit" and Yunus and Grameen Bank receiving the Nobel Peace Prize in 2006 (Jacobs et al., 2012). Soon, the World Bank and the International Monetary Fund started vigorously promoting microfinancing to impoverished populations around the world (Gunasekara & Nagaraj, 2019).

1.1. The Divide

In the academic debate, scholars like Holcombe (1995), and Schuler, Hashemi, and Riley (1996), were some of the early proponents of microfinancing, confirming that microfinance creates significant socio-economic benefits for borrowers by increasing their income generation ability. In their discussion of whether microfinance is an effective strategy to reach the Millennium Development Goals, Littlefield, Morduch, and Hashemi (2003) argue that microfinance clients had better health practices and education. Overall, the early days of microfinancing gave rise to many laudable publications which encouraged the promotion of microfinancing as a development strategy.

It was only with the Andhra Pradesh microfinance crisis in 2010 that the perspective on microfinancing drastically changed. In the Andhra Pradesh region in India, the rapid growth of the microfinancing sector, paired with aggressive lending practices, is claimed to have caused crippling debt among borrowers (Tilakaratna & Hulme, 2015). Reports of undesirable outcomes such as borrower harassment, humiliation, and the confiscation of assets by microfinancing officers surfaced (Tilakaratna & Hulme, 2015). Eventually these issues were linked to increasing cases of borrower suicides (Tilakaratna & Hulme, 2015). The Andhra Pradesh crisis negatively impacted India's microfinancing sector and the global microfinancing industry as a whole.

While many authors and institutions extolled the virtues of microfinancing before Andhra Pradesh, critical voices rapidly grew in numbers after the crisis. Critics raised concerns about the project generally and the operation of certain MFIs. Thus, an explicit change in the academic debate can be observed after Andhra Pradesh. Whereas publications were generally positive about microfinancing between the 1990s and early 2000s, criticism began to emerge and rapidly expand leading up to and after the Andhra Pradesh crisis. For example, Rankin (2001) emphasizes barriers that minimize microfinancing's impact. She contends that enterprises established through microfinance often create minimal returns which are not enough for economic autonomy, draws attention to ideological barriers, and emphasizes that microfinancing creates borrower dependency on financial institutions (Rankin, 2001). In a similar fashion, Mia (2017) draws attention to the strain microfinancing might put on borrowers and relates this to the issue of multiple borrowing.

The growing criticism following the Andhra Pradesh crisis resulted in various reforms in the microfinance landscape. For example, in Sri Lanka, a Microfinance Act No. 6 was passed in 2016 to regulate and supervise the country's microfinance sector ("Microfinance Sector", n.d.). However, it seems that such pieces of legislation are primarily focused on securing the financial sustainability of the microfinance sector rather than protecting borrowers.

1.2. Neoliberal Critique

A closer look at the growing opposition to microfinancing that emerged after the Andhra Pradesh crisis demonstrates that opponents often ground their critique in the neoliberal critical tradition.

Grounded in neoliberal critique, scholars like Cornwall, Gideon, & Wilson (2008) question the proliferation of microfinancing as an empowering project. These scholars suggest that microfinancing adheres to an insidious form of neoliberal policy deceptively presented as female

empowerment. In a similar vein, Keating, Rasmussen, and Rishi (2010) criticize the project for its capitalist character and tendency to mobilize gendered collectivities through the promise of empowerment. Because microfinancing is purposely aimed at women, critical scholars draw attention to the relationship between capitalism and feminism. According to Eisenstein (2005), feminist activism has denounced women's confinement to care-giving roles in the informal economy, triumphed by a dedication to attain gender equality via women's economic participation. This dedication provides neoliberal economic policies like microfinancing with an ideological cover that presents their aim as being strictly about empowerment. Cornwall, Gideon, and Wilson (2008) condemn such a use of the term empowerment as an empty promise made to impoverished populations to justify neoliberal policies.

What is more, both Rankin (2001) and Alawattage, Graham, and Wickramasinghe (2019) underscore how microfinancing becomes a tool for social governance under neoliberalism. Both publications draw on the Foucauldian idea of neoliberalism as an extension of economic rationalism into areas of life that carried no economic significance before. Neoliberalism breaks with earlier economic thinking inasmuch as it considers the laborer not as an object but rather as a subject, and a rational agent. Foucault conceptualizes this as the *homo oeconomicus*: "the individual worker, regarded as an enterprise, as *homo oeconomicus*, an entrepreneur of himself, is posited as the source of his own earnings" (2008, p. 225-26). This reconceptualization of labor and the laborer under neoliberalism consequently allows the extension of economic/market thinking into formerly non-market policy areas, like poverty alleviation (Alawattage, Graham, & Wickramasinghe, 2019). From a critical standpoint, this way of thinking ignores the structural causes for poverty and reconstructs the problem as an individual responsibility. Microfinancing as a development strategy does just this. It reconceptualizes women as vectors for change that now bear the brunt of poverty reduction. Through microfinancing, securing economic opportunities becomes a personal responsibility and the state is relieved of 1) its responsibility to make capital accessible to the poor, and 2) its responsibility to address structural causes for poverty in the country (Rankin, 2001).

Altogether, critics demonstrate that the proliferation of microfinancing as an inherently empowering project is disjointed from its capitalist character. Moreover, microfinancing's dedication to the reorganization of rural women into an efficient financial structure becomes part of an intricate neoliberal design: the extension of neoliberalism to the poor, and the incorporation rural women into the global economy.

1.3. Microfinancing and Empowerment

Having touched upon the empty promise of empowerment in the preceding section, let us consider in further detail microfinancing's dedication to women's empowerment. As previously discussed, the stated objective of microfinancing is twofold. As such, the project carries both an economic and a moral obligation. Its economic obligation pertaining to alleviating poverty, and its moral obligation pertaining to uplifting women. The idea of women's empowerment as being a moral obligation is further supported by the UN Women and the ILO in their 2012 policy brief, stating that: "empowering women and making them central to solutions is a moral imperative. But it also makes good economic sense". The policy brief further explains that research has shown that women's economic participation can improve national economies, increase household productivity and well-being, and, above all, can increase women's agency and overall empowerment. Overall, this policy brief implies that a dedication to women's empowerment produces a win-win-situation.

Thus, it is evident that the promotion of women's empowerment is morally and economically relevant. But how then is microfinancing, in other words the provision of small-scale loans to impoverished women, expected to induce women's empowerment? The reasoning as to how microfinancing should empower women is directly linked to the concept of *virtuous spirals*. A concept that refers to chains of events that reinforce each other through a feedback loop and result in favorable results. Mayoux (2002) explains that microfinancing is expected to set a virtuous spiral in motion starting with the provision of credit. Mayoux (2002) explains that the reasoning behind microfinancing as a project for empowerment but does not agree with the validity of this reasoning per se. She explains that the provision of microcredit to women is expected to result in their increased economic activity (Mayoux, 2002). Increased economic activity, in turn, should increase income and assets (Mayoux, 2002). Consequently, women are expected to gain increased control over this income because it is the product of their own economic activity (Mayoux, 2002). Finally, this increased economic role and role in decision-making is expected to warrant a shift in a country's gender roles (Mayoux, 2002). The shift in gender roles is exacerbated by an increased awareness of the existence of a gender gap (Mayoux, 2002).

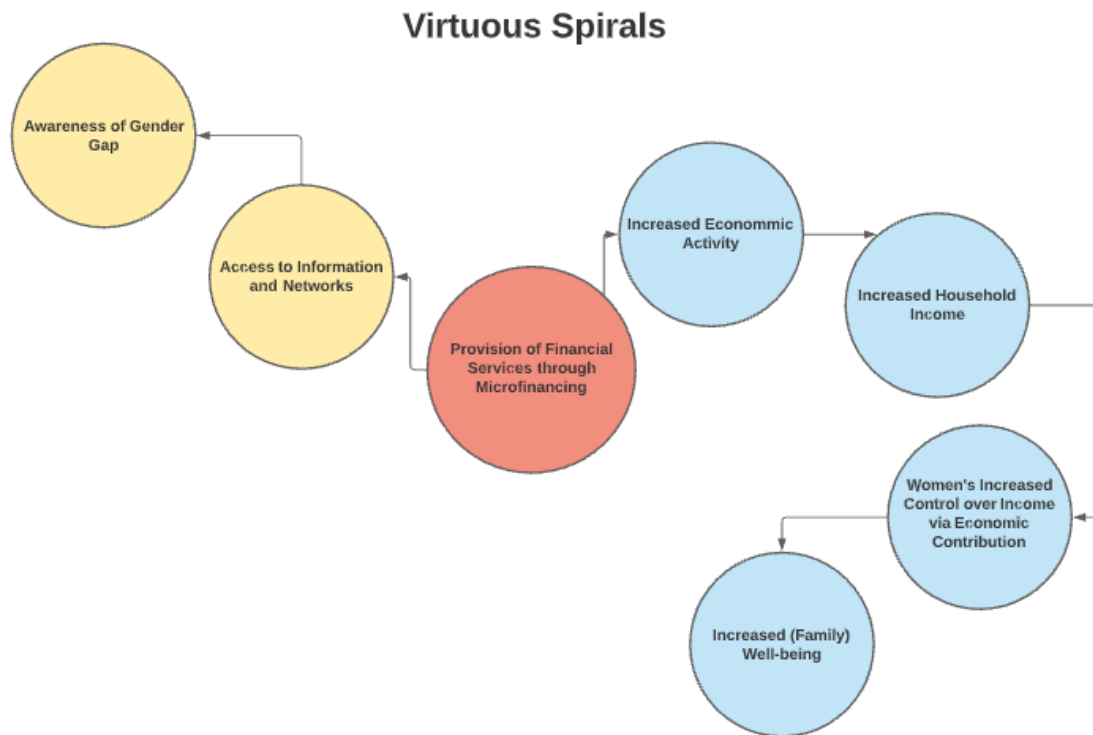


Figure 1. A schematic representation of the virtuous spirals hypothesized to be set in motion through microfinancing.

Scholars like Sanyal (2009) too, underscore the positive impact that microfinancing can have on women’s empowerment specifically. Sanyal (2009) discusses the potential of microfinancing to promote “women’s social capital and normative influence, thereby facilitating women’s collective empowerment” (p. 529). Similarly, World Bank documents – especially those published during the advent of microfinancing – underscore the empowering potential of microfinancing in terms of not only lifting women out of poverty but also changing their perspective on gender relations via their economic participation (Robinson, 2001).

In relation to the Sri Lankan case specifically, certain scholars continue to commend microfinancing’s success in relation to the empowerment of rural Sri Lankan women. For example, Hansen’s (2015) research indicates that microfinancing combined with training, psychologically empowers female borrowers in Sri Lanka. Yogendrarajah and Semasinghe (2015) too, argue in favor of microfinancing’s benefits for Sri Lankan women. Though they critically engage with the relation between microfinancing and empowerment, they contend that there is a significant relationship between women’s entrepreneurship and microfinancing programs. Consequently, they suggest that microfinance in Sri Lanka is essential for women’s entrepreneurship development and post-war development alike.

Other scholars have sought to illuminate the other side of the coin, drawing particular attention to the limitations of the empowering promise of microfinancing. Narayan (2006 in Keating, Rasmussen & Rishi, 2010) emphasizes that microcredit is simply debt by another name, promoted under the guise of empowerment. Other scholars too, like Mayoux (2002) and Rankin (2001), contend that the provision of credit implies debt, the consequences of which could be disempowering for women rather than empowering. In connection to the Sri Lankan case, reports like Premarathne and Abeysekara's (2020) investigating the workings of Sri Lankan MFIs reveal that women can easily get caught in cycles of indebtedness. Unable to make repayments, Sri Lankan women have been reported to take out multiple loans to stay afloat (Premarathne & Abeysekara, 2020; Mia, 2017). In addition to these arguments, newspaper articles, op-eds, and online publications by NGOs about the negative implications of microfinancing in Sri Lanka are testimony to a growing recognition of the project's dark side (The Economist, 2019; Kadirgamar & Kadirgamar, 2019; Jayawardhana, 2021; Mudugamuwa, 2021; Srinivasan, 2021).

1.4. Overview

Overall, a review of the academic debate surrounding microfinancing and empowerment reveals great disparities. Whereas the Andhra Pradesh crisis ostensibly gave rise to skepticism surrounding the practice of microfinancing, those in favor and those against microfinancing as a development strategy remain polarized. It was also revealed that the opposition to microfinancing is firmly grounded in the neoliberal critical tradition. Moreover, it was shown that there exists no consensus about microfinancing's empowering potential. As the preceding section has demonstrated, there exists a divide between those who are convinced of microfinancing's empowering potential for women and those skeptical about this potential. At a case-specific level, findings about the empowering potential of microfinancing for Sri Lankan women showed contradictions too. As such, there exists no definitive evaluation of the empowering impact of microfinancing in the Sri Lankan context. The current state of the debate surrounding microfinancing and empowerment is highly fragmented.

The objective of this research is to synthesize the on-going debate and to bring forth a weighed conclusion about the extent to which microfinancing can be considered empowering for rural Sri Lankan women. Evidently, there is no shortage of data but there exists a need for the existing data to be organized and structured. To this end, Longwe's Women's Empowerment Framework (1995) will be applied. The relevancy of this framework to this research will be discussed in detail in Chapter 3.

Chapter 2: Methodology

The following chapter is dedicated to discussing the research methodology and its coherence with the research question and sub-questions. To this end, the chapter discusses 1) the ontological and epistemological perspective underlying the research, 2) the research design, 3) the sampling parameters, 4) the data collection technique, 5) the analysis method, and, finally, 6) the limitations of the research.

2.1. Ontological and Epistemological Perspective

It is important to ensure that the methodological approach for this research is compatible with the ontological and epistemological nature of the research question. As such, the ontological and epistemological perspective informing this research must be addressed.

The ontological perspective underlying the research is concerned with “evolution, development, and progress” (Mason, 2018, p. 5), because the research is intent on investigating the evolvement of rural Sri Lankan women’s empowerment under the influence of microfinancing. Referring to Mason’s (2018) 1.1. Box “Examples of Epistemological Approaches”, the epistemological approach implied in the puzzle statement is that of “critical theory” (p. 8). This epistemological approach is most suitable to the research because the research sets out to evaluate and thus critically assess the empowering impact of microfinancing on rural Sri Lankan women. Moreover, the very choice of the Women’s Empowerment Framework as this research’s analytic framework implies an approach to the social world as being shaped by power and power dynamics. The Women’s Empowerment Framework is concerned with empowerment which suggests a redistribution of (gendered) power.

2.2. Research Design

This research is intent on investigating the evolvement of women’s empowerment under the influence of microfinancing through the application of Sara Longwe’s Women’s Empowerment Framework (see 3.2). Longwe’s framework is designed to assess the extent to which development programs contribute to women’s empowerment across five distinct dimensions: 1) welfare, 2) access, 3) conscientization, 4) participation, and 5) control. The research strategy employed to assess the empowerment of rural Sri Lankan women across these dimensions is qualitative in nature. This means that the research will be based on the collection and analysis of existing data in order to understand the connection between microfinancing and women’s empowerment in rural Sri Lanka.

To restate, the research question under investigation in this thesis is the following:

How has the empowerment of rural Sri Lankan women evolved through microfinancing projects that are part of the Sri Lankan post-conflict development strategy from 2009 onwards?

The sub-questions to this question are structured in accordance with Longwe's five dimensions of empowerment (1) welfare, 2) access, 3) conscientization, 4) participation, 5) control). The sub-questions read as follows:

- How does microfinancing affect the welfare level of women involved in microfinance projects in rural Sri Lanka?
- How does microfinancing affect the access to modes of production of women involved in microfinance programs in rural Sri Lanka?
- How does microfinancing affect rural Sri Lankan women's awareness of the existence of a gender gap (conscientization)?
- How does microfinancing affect the level of participation of women involved in microfinance programs in rural Sri Lanka?
- How does microfinancing affect the level of control that women involved in microfinancing projects in rural Sri Lanka have within and outside of their households?
- What is the relation between the empirical reality of rural Sri Lankan women protesting against the negative implications of microfinancing, and control and conscientization?

Evaluating rural Sri Lankan women's empowerment through microfinancing across Longwe's five dimensions is structurally beneficial and in aligns with a multi-dimensional understanding of empowerment. Empowerment is a multifaceted concept the relevance of which stretches across the social, political, and economic domain.

2.3. Sampling

As suggested by Mason (2018) in her guide for qualitative research, it is crucial to establish sampling parameters based on the 'who, what, when, and where' of one's research. In reference to the 'who' and 'what', this research considers the empowering impact of microfinancing on rural Sri Lankan women involved in microfinance projects. In terms of the 'where', data collection took place in the Netherlands using primary and secondary sources found online. The research itself, however, is primarily concerned with events occurring in rural Sri Lanka. Here, the terms 'rural Sri Lanka' and 'rural Sri Lankan women' are used in reference to rural areas in

the Northern Province and the women living there because the practice of microfinancing is most prevalent in this area. Finally, the 'when' of this research refers to the Sri Lankan post-conflict phase. The starting point of this phase is observed to be the end of the civil war in 2009. The post-conflict phase is furthermore considered to continue today. In order to aptly trace the involvement of the empowerment of rural Sri Lankan women through microfinancing, it is important to consider data across an extensive timeframe. For this reason, the period under investigation runs from 2009 to the present.

2.4. Data Collection

To answer the research question and sub-questions under investigation, this research draws on primary and secondary data. The research is positioned in a wealth of qualitative and quantitative, academic, and non-academic sources concerned with the practice of microfinancing in rural Sri Lanka. It must therefore be noted that there is no shortage of data on the topic of microfinancing and women's empowerment in Sri Lanka, however the data is fragmented. Consequently, data was gathered into different categories relevant to the research questions. These categories include: 1) Sources that praise the implications of microfinance, 2) sources that are critical of the implications of microfinance, 3) sources that investigate the effect of microfinancing on women's empowerment in general, 4) sources that focus on the effect of microfinancing on Sri Lankan women's empowerment across one or more dimensions, 5) neoliberal critique. The relevance of these categories in relation to the research questions will be discussed at length individually. A 'purposive sampling' method was employed, which refers to the intentional selection of empirical data pertinent to the research question. Measures were also taken to avoid bias. For example, an equal number of sources praising and sources criticizing microfinance were considered. Overall, over a dozen of online newspaper articles, forty journal articles, as well as documents and reports by governmental and non-governmental institutions like the World Bank, the Central Bank of Sri Lanka, the Sri Lankan Department of Census and Statistics, and the Lanka Microfinance Practitioners Association (LMFPA) were analyzed.

From the selection of scholarly articles, it was expected that some would inform the theoretical and contextual background of this research, whereas others would inform the analysis of empowerment across Longwe's five dimensions. Approximately fifteen articles were expected to inform the analysis, however it must be noted that some of these sources did not provide findings relevant to this end. Still, these sources proved informative in the sense that 1) their structure inspired the structure of this research, 2) their review of the academic debate offered up relevant insights, or 3) their references warranted valuable additional literature.

To expand on the differentiation of categories; the first two categories were established to gain a firm grasp on the current academic perception and opinion of microfinancing as a development strategy. In terms of demarcation, data pertaining to these two categories was selected across two different time frames. First, journal articles from the late 1990s to the early 2000s were selected because the dominant discourse during this time-period is generally positive about microfinancing as a developmental strategy. To contrast, data from the 2000s to late 2010s was selected and considered because it generally purports a more critical view of microfinancing. As such, this specific demarcation is necessary to illustrate the stark divide that exists in the dominant discourse surrounding microfinancing.

The third category was established to understand the general debate on the impact of microfinancing on women's empowerment. Here, a principal effort was made to maintain a balance between data praising microfinancing's empowering potential and data questioning microfinancing's empowering potential. As such, particular attention was paid to the motivation behind each publication. To clarify, the World Bank took on a central role in the proliferation of microfinancing as a tool for empowerment and economic empowerment. Consequently, World Bank reports are often positive about the potential of microfinancing and seek to promote it. Articles written by independent researchers, on the other hand, tend to differ greatly in terms of their tone and attitude towards microfinancing.

The fourth category pertains to the empowerment of rural Sri Lankan women through microfinancing specifically. Again, it must be noted that the current academic debate on women's empowerment through microfinancing in Sri Lanka is characterized by a one-dimensional understanding of women's empowerment. This category aims to bring together these one-dimensional accounts. Thus, this category consists of a multitude of journal articles that assess women's empowerment in rural Sri Lanka on the basis of a singular – and sometimes a few – measures of empowerment. To exemplify, a scholar like Hansen (2015) maintains a particular focus on empowerment in a psychological sense whereas Premarathne and Abeysekara (2020) measure empowerment through the expansion of financial means. What is more, this category also considers accounts of rural Sri Lankan women's experience of microfinancing as reported in online newspapers.

Finally, a category was established for neoliberal criticism. Because neoliberal critique was so vastly prevalent in the initial exploration of the debate surrounding microfinancing, a separate category was deemed necessary. The category expounds on the criticism surrounding

microfinancing which is firmly established in the neoliberal critical debate. This critical debate informs the research throughout.

2.6. Analysis

In the first place, the data was evaluated based on the following key questions:

- What is the aim of this data?

In relation to academic articles, this means identifying the research question the author is attempting to answer. In relation to non-academic articles, this question is less relevant because the aim is more often to inform or to spread information. In all cases, the objectivity of the author was assessed. For example, World Bank reports are deemed to be subjective because the World Bank was principally involved with the proliferation of microfinancing.

- When was this data collected?

Particular attention was paid to publication dates. This is deemed particularly relevant to the research question because it seeks to trace the *evolution* of women's empowerment.

- Who collected this data?

Again, here an important distinction is made between academic and non-academic data. Whereas the former will be more relevant to consider in answering the sub-questions to the proposed research, the latter can provide relevant empirical and background information. Moreover, when dealing with non-academic sources, the credibility of the author was assessed as well as whether the author's opinion might be influenced by their association to a particular institution.

Once the relevance of and reliability of the data source was evaluated and approved, the content was coded in accordance with Longwe's five dimensions of empowerment: 1) welfare, 2) access, 3) conscientization, 4) participation, 5) control. In other words, five nodes/themes were used to code the data. The operationalization of the five dimensions aligns with Longwe's operationalization which is outlined in chapter 3. As such, evidence was extracted pertaining to each individual dimension of empowerment. Additionally, this method of analysis brought forward potential gaps in the evidence. Namely, a preliminary analysis of the evidence revealed a gap in the evidence pertaining to the measure of control. Consequently, more data had to be gathered.

After analysis, ten scholarly articles remained that directly informed the analysis. Furthermore, a dozen journalistic articles were used in reference to women's protests and to strengthen the

analysis. Finally, data from the LMFPFA, the World Bank, and the Central Bank of Sri Lanka was used in reference to legislation and specific data pertaining to the Sri Lankan Microfinancing Industry and the Sri Lankan economy.

2.7. Limitations

Pointedly, this research's main limitation is that the research was conducted from the Netherlands and is largely based on existing research. As such, the validity of this research is dependent on the accuracy and consistency of the data considered. Moreover, given this research's focus on women's empowerment, a concept that is inextricably linked to women's lived experiences, fieldwork in rural Sri Lanka could have warranted valuable insights.

Fieldwork involving, for example, interviews with rural Sri Lankan women involved in microfinancing could serve to deepen our understanding of women's first-hand experience of microfinancing's empowering impact. Additionally, it could have revealed what empowerment entails at the individual level – what does empowerment actually mean to these women? What does empowerment feel like to them? To merely impose an academic conceptualization of empowerment onto these women, somewhat undermines the inherently experiential nature of the process of empowerment.

However, given the scope of this research and the covid-19-related travel restrictions in place at the time this research was conducted, fieldwork in rural Sri Lanka was not a feasible option. However, this is not to say that the proposed research strategy does not align with the objective of the research: namely, to trace the evolution of women's empowerment through microfinancing in rural Sri Lanka. As such, this research should be regarded as an overarching evaluation of the existing knowledge with the aim of bringing structure and clarity to the existing academic debate. In this regard, the research could even serve as a valuable guide for future fieldwork in Sri Lanka.

Chapter 3: Theorizing Empowerment

The following chapter is dedicated to conceptualizing the term “empowerment” and situating the analytic framework – the Women’s Empowerment Framework – within its academic tradition. To this end, the following chapter 1) proposes a working definition for the term empowerment, 2) discusses the emergence of the Women’s Development Perspective and the consequent rise of the Women’s Empowerment Perspective, 3) introduces the analytic frame and relates it to the two perspectives, and 4) relates the analytic frame to the purpose of this research, and 5) discusses previous applications of the Women’s Empowerment Framework.

3.1. Women’s Empowerment

Empowerment

Longwe’s Framework (1995) is situated in the academic debate on (women’s) empowerment. Therefore, it is important to understand what is meant by empowerment. In their 2006 Publication *Empowerment in Practice: From Analysis to Implementation*, the World Bank defined empowerment as “the process of enhancing an individual’s or group’s capacity to make purposive choices and to transform those choices into desired actions and outcomes” (p.1).

The World Bank’s understanding of empowerment aligns with the often-cited definition suggested by Kabeer (1999) which hinges on capacity and strategic choices. Kabeer (1999) argues that empowerment refers to the process of expanding one’s strategic ability to make strategic choices in a condition where this ability was previously stifled. This definition highlights three characteristics of empowerment: 1) an initial condition of disempowerment, 2) strategic life choices as constituted by human agency, 3) a capacity to make strategic choices. Narayan (2002) expands on Kabeer’s definition by asserting that empowerment allows people to participate in, negotiate with, influence, control, and hold accountable institutions that directly or indirectly affect their lives. Thus, Narayan, too, contends that empowerment entails progression from a previous state of limited control or power but adds on to this the measure of accountability. Finally, Sohail (2014) brings nuance to the idea of empowerment by differentiating between three types. Whereas Sohail (2014) agrees with Kabeer that empowerment relies on strategic opportunity and agency, Sohail goes a step further by differentiating between 1) self-empowerment or individual empowerment, 2) mutual empowerment, and 3) social empowerment.

From this conceptualization of empowerment follows the relationship between empowerment and gender. Kabeer (1999), in discussing women’s empowerment, relies heavily on Bourdieu’s

(1977) notion of *doxa* which pertains to aspects of tradition and culture that are so habitual that they have become naturalized. The argument Kabeer (1999) puts forward is that women's ability for strategic decision-making is constrained by social circumstance and social rules, or, in other words, *doxa*. As such, women's empowerment might not only require the enhancement of their ability to make strategic choices, but also changes to traditional and institutional frameworks. Accordingly, (women's) empowerment stretches across a multiplicity of dimensions – economic, socio-cultural, interpersonal, legal, political, and psychological (Addae, 2015).

In this research, women's empowerment is understood in accordance with Narayan's definition because it emphasizes that empowerment entails progression from a previous state of limited power. This is relevant to the Sri Lankan case, because microfinancing's particular focus on impoverished women exposes an observed need for these women to be lifted out of a state of minimal (financial) power. Additionally, in the assertion that empowerment entails the ability to hold institutions accountable, Narayan recognizes the existence of structural confines to empowerment and, paradoxically, the empowering quality of addressing these confines.

Empowerment and Development

This research addresses the extent to which empowerment is asserted through microfinancing as a development strategy. As such, following the conceptualization of empowerment in general, it is moreover pertinent to consider the linkage between empowerment and development, and to discuss the evolution of the debate surrounding empowerment in relation to development efforts.

Alongside second-wave feminism, the 1970s saw a rise in the discourse on gender inequality in relation to development strategies (Sharma, 2000). The Women's Development Perspective, marked by scholars like Ester Boserup, gained traction in its pursuit to tackle gender inequality through policy formation (Sharma, 2000). The Women's Development Perspective is concerned with the neglect and marginalization of women in development strategies and soon became a socio-economic project for the enhancement of women's position in economic spaces (Sharma, 2000). A major critique of the Women's Development perspective appeared in Molyneux's (1985) *Mobilization without Emancipation*. Molyneux (1985) criticized the perspective for focusing too much on women's practical needs (e.g., women's workloads, income, roles and responsibilities), and neglecting women's strategic interests which arise from their structural subordination to men.

Molyneux's call for a perspective that gave more weight to women's strategic interests was answered with the inception of the Women's Empowerment Perspective. Contrary to the Women's Development Perspective, the Women's Empowerment Perspective awarded particular attention to decision-making and women's position in political spaces (Sharma, 2000). Thus, a distinction is to be made between the Women's Development Perspective as a primarily economic project and the Women's Empowerment Perspective as a political one. Though analytically distinct, the two perspectives do intersect. To which perspective one decides to assign primacy depends on the weight one gives to the dimensions involved: women's economic empowerment or women's socio-political empowerment.

3.2. Sara Longwe's Women's Empowerment Framework

Longwe's Women's Empowerment Framework (1995) is informed by the Women's Development Perspective as well as the Women's Empowerment Perspective in the sense that it considers the pursuit of women's empowerment as both an economic and a socio-political one.

Her framework is primarily a tool for gender assessment which refers to methods that "examine how a program or project addresses and responds to gender disparities and inequalities through its objectives, activities, and policies" ("Gender Concepts and Definitions", n.d.). Generally, gender assessment is guided by two main questions: 1) how do the different roles assigned to men and women in a particular context affect the work to be undertaken (i.e., context), 2) how will the intended results of the project affect men and women respectively and relatively? (Gender Concepts and Definitions", n.d.).

The aim of Longwe's Framework is to critically assess to what extent development projects support women's empowerment in their given context. Longwe defines women's empowerment as "The process by which women collectively come to recognize and address the gender issues that stand in the way of their advancement. In a patriarchal society, these gender issues are the practices of gender discrimination which are entrenched in custom, law, and ideological belief." (Longwe, 1998, p.19).

From a Women's Empowerment Perspective, development projects ideally entail increasing women's control over their own lives, and in the case of microfinancing, enabling their escape from poverty. Poverty itself is regarded not as a lack of productivity, but rather as a result of oppression and exploitation.

Longwe's framework relies on five measures of equality that cover social, economic, psychological, and political dimensions of empowerment (Sharma, 2000). It is implied that gender gaps exist at all five levels and that consequently, women's empowerment requires the progressive elimination of gender disparities across these levels and dimensions (Sharma, 2000). These five levels of equality are operationalized as follows:

1. **Welfare** – refers to women's material welfare relative to men (Abdullahi & Abdullahi, 2013). In other words, do women have equal access to material resources?
2. **Access** – refers to women's access to modes of production, relative to men (March, Smyth, & Mukhopadhyay, 1999). This includes access to, for example, land, labor, education, and credit.
3. **Conscientization** – refers to a conscious understanding of gender related issues (March, Smyth, & Mukhopadhyay, 1999). It implies the acquisition of a critical awareness about the structures of oppression that women are subject to (Sharma, 2000). It furthermore involves the idea that the gendered division of labor in a country should be balanced or should become more balanced through the development project (March, Smyth, & Mukhopadhyay, 1999).
4. **Participation** – refers to women's equal participation in decision-making processes (March, Smyth, & Mukhopadhyay, 1999). This means that women should be involved in making decisions that affect their communities, in a proportion that matches their proportion in the community (March, Smyth, & Mukhopadhyay, 1999).
5. **Control** – refers to women's control over decision-making processes, which is achieved through women's conscientization and mobilization (March, Smyth, & Mukhopadhyay, 1999).

These levels of equality are set up in a hierarchical order (March, Smyth, & Mukhopadhyay, 1999). A focus on the higher levels increases the likelihood of increased women's empowerment. For example, if a development focuses on welfare only, it is unlikely that women will experience the project as empowering. It must also be noted that an 'ideal' development project does not necessarily show activity on all five levels (March, Smyth, & Mukhopadhyay, 1999). In fact, an empowering project might show intense activity across the higher levels and no activity across the lower levels at all (March, Smyth, & Mukhopadhyay, 1999).

Finally, the Women's Empowerment Framework emphasizes the importance of assessing whether development project objectives align with women's development. The extent to which a project concerns itself with women's issues is categorized into *three levels of commitment* (March, Smyth, & Mukhopadhyay, 1999):

1. **The negative level** – meaning that the project makes no mention of women's issues.
2. **The neutral level** – meaning that the project recognizes women's issues.
3. **The positive level** – meaning that the project is positively concerned with women's issues and seeks to improve women's societal position relative to men.

To summarize, the Women's Empowerment Framework purports a multi-dimensional understanding of empowerment by considering empowerment across five measures of equality that have social, political, economic, and psychological significance. It moreover considers the process of empowerment as stimulated through development programs as both an economic and a socio-political project. In this regard, Longwe breaks from a tradition that considers development programs as either economically empowering, or politically empowering. Microfinancing is promoted as both a tool for poverty alleviation and for women's empowerment. It follows that, as a development program, microfinancing has an economic objective and a socio-political objective. Therefore, it is sensible to assess microfinancing's empowering potential through Longwe's Women's Empowerment Framework.

3.3. Previous Applications

Though the Women's Empowerment Framework has not been applied to the Sri Lankan case, it has been applied to other cases in the past. Three such cases will be discussed. Firstly, Jones (2011) assesses the impact of the National Strategy for Girls' Education (NSGE) in Uganda on the educational experience of Ugandan schoolgirls. She applies Longwe's Women's Empowerment Framework to evaluate how empowering the interventions of the NSGE were for these girls. Jones (2011) performs a longitudinal case study and uses mixed methods. She engages in fieldwork and collects data from questionnaires, interviews, and focus group discussions which she then analyzes using Longwe's framework.

Mehran (2009) takes a different approach and uses a reinterpretation of Longwe's framework to analyze empowerment in Iranian female higher education. Mehran (2009) considers the status of women's empowerment in Iranian higher education after the introduction of state policies to Islamize universities during the Cultural Revolution of 1980-83. Mehran's (2009) research moreover has a distinctive comparative character and scrutinizes the differences between the

male and female experience in higher education. To this end, Mehran relies on statistical data pertaining to the status of women in institutions of higher education in Iran.

Finally, Tarugarira and Moyo (2020) investigate how the church of the Zimbabwe Assemblies of God Africa – Forward in Faith (ZAOGA FIF) has initiated empowerment amongst its followers. To this end Tarugarira and Moyo (2020) apply the Women’s Empowerment Framework as an analytical tool to unpack the dedication of ZAOGA FIF to women’s empowerment. Their study is largely based on formal and informal interviews with members of the church and followers of the church. Tarugarira and Moyo’s research differs from the aforementioned studies because it investigates the approach of a religious institute to women’s empowerment rather than the impact of state policies or strategies. Though Mehran’s (2009) research also deals with religion, the policy under scrutiny is still a state policy.

As evident from the above discussion of previous applications of the Women’s Empowerment Framework, interviews are often used to get a grasp on women’s experience of empowerment as instigated by a certain approach or policy. This research does not take on such an approach, and in this regard departs from earlier applications of the Women’s Empowerment Framework. In doing so, the importance of speaking with those affected by the policy under investigation is not negated. Rather, such an approach does not align with the scope of this research. As detailed in the methodology chapter, this research relies on a wealth of primary and secondary data pertaining to microfinancing, women’s empowerment, and microfinancing and empowerment in Sri Lanka. In pursuit of answering the research question, this research synthesizes the existing data, distills patterns and trends, and brings order to the current academic debate.

Chapter 4: Microfinancing in Sri Lanka

The following chapter is dedicated to clarifying the context of this research. To this end, this chapter first discusses microfinancing in general. Then, this chapter discusses the Sri Lankan microfinancing industry.

4.1. What is microfinancing? – The cultivation of the ‘bankable’ subject

As stated in the introduction, Muhammed Yunus is considered the ‘father of microfinance’. Motivated by a vision of a world without poverty, Yunus sought to help as many people as possible escape from poverty through microcredit. Consequently, a requirement for microfinance according to Yunus pertains to loan percentages. He argues that institutions charging more than 15 per cent on a loan have perverted microfinancing’s charitable intentions and should therefore no longer be considered an MFI but a loan shark (Wilhelm, 2009 in Jacobs et al., 2012).

The success of Yunus’s Grameen Banking experiment was widely recognized and led to the organization of the 1997 Microfinance Summit in Washington; a privately organized development summit aimed at bringing microcredit practitioners, donors, NGOs, financial institutions and advocates together (Rankin, 2001). The enthusiasm surrounding the promise of microfinancing continued to grow and the practice soon became mainstreamed as a central tenet in development for poverty alleviation in the 2000s (Rankin, 2001).

In 2004, the Credit Development Forum (CDF) described the components of microfinancing as follows: 1) provision of small loans/microcredit, 2) informal appraisal for borrowers and investments, 3) collateral substitutes typically in the form of group lending or guided saving, 4) access to larger loans based on a client’s repayment history, 5) streamlined loan disbursement and monitoring, and 6) secure saving products (CDF, 2004 in Jacobs et al., 2012). However, not all MFIs include these components and not all institutions are exclusively committed to development and poverty reduction.

In today’s microfinancing industry, two approaches to the provision of financial services can be identified. The first being the minimalist approach which indicates a provision of financial services in the form of savings and credit alone (Perera & Wijekoon, 2019). The second approach is the credit-plus approach which refers to the provision of savings and credit, as well as the provision of complementary non-financial services such as, but not limited to, educational activities, skill development, training, marketing assistance, and enterprise development

services (Perera & Wijekoon, 2019). The credit-plus approach was developed as a response to critical voices that argued credit alone cannot be expected to alleviate poverty (Alawattage, Graham, & Wickramasinghe, 2019; Tilakaratna, Wickramasinghe, & Kumara, 2005; Yogendrarajah and Semasinghe, 2015). The argument behind this criticism is that women with no prior business experience cannot be expected to turn credit into profit without receiving complementary financial services and business development guidance.

As mentioned previously, microfinance is aimed at impoverished populations (Mia, 2017). Within impoverished populations, microfinancing is aimed specifically at women. The reasoning behind this is threefold: Firstly, microfinancing focuses on women because poor female entrepreneurs experience more difficulties than their male peers in accessing credit (Constantinidis et al., 2006 in Aninze, Hussain, & El-Gohary, 2018; Rankin, 2001). Secondly, research indicates that women are more likely to make repayment on their loans than men, therefore diminishing the risk of lending to this group for financial institutions (Aninze, Hussain, & El-Gohary, 2018). Finally, women are more likely to invest their profits into their own well-being and the well-being of their family (Aninze, Hussain, & El-Gohary, 2018; Mayoux, 2002; Rankin, 2001). Thus, from the perspective of donors and lenders, impoverished women make a more financially sustainable target than their male counterparts. From a developmental perspective, too, women's inclination to invest in personal and family well-being makes them a sustainable target for development. Though women's empowerment is often cited as primary policy objective, this conceptualization of women as more financially sustainable targets seemingly implies that empowerment is a secondary outcome of microfinancing rather than a policy objective in and of itself.

In Sri Lanka, there exist multiple models for the provision of microfinance: village banking, collateral lending, individual lending, Self Help Groups (SHGs), and Credit Unions (Atapattu, 2009). In this research, the focus is on collateral lending and SHGs. Seeing as microfinancing facilitates loan provision to people previously considered 'unbankable', some mitigating tactics are adopted by MFIs to make this possible. In the case of collateral lending, the collective responsibility of the group serves as collateral for the lender (Atapattu, 2009). Collateral lending is the form of microfinance established through the Grameen Banking experiment and is the most common form of microfinance in Sri Lanka (Atapattu, 2009). The methodology for collateral lending is as follows: Banking units are set up under the supervision of a field manager and various bank workers (Atapattu, 2009). The field manager and bank workers are responsible for multiple villages (Atapattu, 2009). They visit these villages to familiarize themselves with the milieu and clientele, and to form groups of borrowers (Atapattu, 2009).

Based on the financial performance of the initial group members, the group may be expanded over time (Atapattu, 2009). The Grameen model furthermore promotes weekly repayments because according to behavioral economists, it can increase commitment to repayment and increase financial discipline among borrowers (Sarkar, 2014). As such, the collateral lending model puts considerable pressure on group members to keep their individual performance up to par. The collective responsibility of the group becomes collateral for the loan. In Sri Lanka, many MFIs follow the Grameen collateral lending model or a modified version thereof (Atapattu, 2009).

The methodology behind SHGs differs from collateral lending in the sense the group members are responsible for saving and repayment together, as opposed to the group responsibility being a substitute for collateral. These SHGs become small-scale operational units for the MFI and the borrowers within the group are expected to attend group meetings to discuss their individual and collective financial situation (Alawattage, Graham, & Wickramasinghe, 2019). The SHG-structure allows MFIs to tightly monitor borrowers, and to discipline them into constructing themselves as microentrepreneurs (Alawattage, Graham, & Wickramasinghe, 2019). The borrowers take on a new economic identity and become vectors for change in the developmental strategy. In addition, the group structure mitigates the risk of lending to women who otherwise lack collateral assets to be eligible for a loan by making the group responsible for repayment rather than the individual (Alawattage, Graham, & Wickramasinghe, 2019). Though the SHG-model is not a popular form of microfinance provision in Sri Lanka, it is important to consider because it has been subject to considerable criticism for its disempowering tendencies.

Overarchingly, MFIs that use the collateral lending model or SHG-model have more frequent repayment requirements than other loan providers (Sarkar, 2014). Above all, it is argued that group structure, which is present in both models, fosters social connection amongst women involved in microfinancing and increases their financial and self-confidence (Hansen, 2015). The group structure ensures that individual women conform to the norms of microfinancing and facilitates their transformation into 'bankable' persons.

4.2. The Sri Lankan Microfinancing Landscape

Sri Lanka was granted independence in 1948 but remained a Dominion of the British Empire under the name 'Ceylon' until 1972. In 1972, the country became a republic within the Commonwealth, and was renamed Sri Lanka. At the time of independence, and well into the 1950s, Sri Lanka ranked high as one of the most prosperous Asian countries (Athukorala, 2016). The country's strategic location, open economy, vibrant export sector, and high educational levels warranted it a status as "an oasis of stability, peace, and order" in a region of turmoil (de Silva, 1981, p. 489 in Athukorala, 2016).

The expectations for Sri Lanka and its future were high. Yet, the early promise of prosperity and economic growth was not sustained. From the 1960s onwards, the country's growth slowed down while other Asian economies rapidly improved (Athukorala, 2016). The reason for this drop in growth and eventual stagnation are not directly relevant to this research. As such, it suffices to know that a combination of a change in political leadership and an inward-oriented restructuring of the economy were at the root of the issue (Athukorala, 2016).

As a response to the country's dwindling economic course, Sri Lanka embarked on a substantial economic liberalization process in 1977 (Athukorala, 2016). In the 1980s, the government introduced the *Janasaviya* program¹, aimed at poverty alleviation and empowerment (Tilakaratna, Wickramasinghe, & Kumara, 2005). Though the country's ability to reap the benefits from this policy transition was hindered by the escalation of ethnic conflict, the introduction of *Janasaviya* marks a pivotal moment in the country's microfinancing journey (Tilakaratna, Wickramasinghe, & Kumara, 2005). As the country lay divided between 1983 and 2009, the microfinancing industry deteriorated.

When the civil war came to an end in 2009, the microfinancing industry was reinvigorated. Due to its particular focus on poverty alleviation and women, the project was deemed a suitable strategy for the country's post-conflict development phase. As outlined in UN Security Council Resolution 1325, women's involvement in the prevention and resolution of conflict is crucial. What is more, the resolution states that the "equal participation and full involvement" of women is essential in post-conflict rehabilitation processes. From this, it follows that programs with a particular dedication to women's involvement are a sensible choice from a developmental perspective.

¹ The *Janasaviya* program was established by the Sri Lankan government in 1989 with a dual objective of 1) short-term income-supplementation, and 2) long-term employment creation (Tilakaratna, Wickramasinghe, Kumara, 2005). *Janasaviya* had several components such as the provision of credit to low-income households, a dedication to improving nutrition, and a focus on small enterprise development (Tilakaratna, Wickramasinghe, Kumara, 2005).

Today, a wide range of institutions is involved in the provision of microfinancing services in Sri Lanka. These institutions include: the Central Bank of Sri Lanka, Cooperative Societies, local and international NGOs, development banks, and commercial banks – both state-owned and private (Alawattage, Graham, & Wickramasinghe, 2019).

As mentioned in the introduction, microfinancing is more prevalent in the Northern and Eastern regions of Sri Lanka than in the rest of the country. This is due to the fact that the Northern and Eastern provinces were drastically affected by the civil war, both economically and in terms of infrastructure (Yogendrarajah & Semasinghe, 2015). Data from the Sri Lankan department of Census and Statistics (DCS) (2015) reveals significant disparity in poverty levels with high rates of poverty concentrated in the Northern and Eastern provinces. Here, it must be noted, that areas with the highest poverty rates do not necessarily contain the largest number of poor people (DCS, 2015). Rather, high rates indicate that poverty in these areas is more severe. Therefore, areas with a lower poverty rate might have more people living under the national poverty line but the extent of their poverty is less severe than of the people living in areas with a higher poverty rate. Moreover, the 2016/17 Agricultural Household Survey conducted by the DCS demonstrates that though less densely populated, most of the country's agricultural production activities are concentrated in the Northern provinces (Northern, North-Central, and North-Western). Based on both the concentration of poverty and the rural character of these areas, microfinancing as a development strategy has been aimed at these Northern regions – and the women living there – in particular.

Chapter 5: Analyzing the impact of microfinancing across Longwe's five dimensions of empowerment

The following chapter is dedicated to assessing the empowering impact of microfinancing on rural Sri Lankan women across all five dimensions of empowerment as suggested by Longwe. The analysis draws on peer-reviewed journal articles assessing the connection between microfinancing and empowerment from a one-dimensional perspective. Bringing multiple one-dimensional accounts together, this analysis purports a multi-dimensional understanding of empowerment. Moreover, the analysis considers a breath of newspaper articles relevant to rural Sri Lankan women's protests against microfinancing, to underscore the hardships, issues, and oppression these women face at the hand of this developmental policy. Finally, the analysis utilizes data from the Central Bank of Sri Lanka, LMFPFA, and the World Bank as critical sources for economic and legal information.

Because certain dimensions are closely related and moreover subject to the same constraints, they will be discussed in one section (6.1. Welfare and Access, 6.2. Conscientization, 6.3. Participation and Control). The concepts remain analytically distinct and will be treated as such but are discussed in the same paragraph for clarity's sake.

Per dimension(s) the analysis is divided into a section discussing the impact of microfinancing as well as the project's particular intention related to each dimension from a policy perspective, and a section discussing the constraints that hamper empowerment across these dimensions.

5.1. Welfare and Access

Impact and Intention

To restate, welfare refers to women's material welfare relative to men (Abdullahi & Abdullahi, 2013). Access refers to women's access to modes of production relative to men (March, Smyth, & Mukhopadhyay, 1999). Thus, welfare and access are closely related inasmuch as an increase in access to production may result in an increase in material welfare. The assumption being that a virtuous spiral of empowerment will ensue from access to credit.

As previously discussed, microfinancing facilitates women's access to credit by through various mitigating tactics such as collateral lending and SHGs. In theory, microfinancing directly improves women's access to modes of production, because credit is made available to them whereas it was not available to them before. In turn, access to credit has a direct impact on women's material welfare which expands via loan acquisition. Thus, women's access to modes of

production becomes more equal to that of their male counterparts by virtue of their newly gained access to credit for entrepreneurial purposes. In addition, their material welfare in relation to men improves by virtue of acquisition of credit.

From a policy perspective, microfinancing is thus positively concerned with women's issues. Microfinancing's objective is improving women's status by creating the opportunity for them to generate an independent income, from which a virtuous spiral of empowerment is expected to follow (Asim, 2008; Mayoux, 2002). As a policy, microfinancing has the goal to drastically change the lives of the poor through the provision of credit (Robinson, 2001; Rhyne, 1998). At the 1997 microcredit summit in Washington D.C. a commitment was moreover made to maintain a particular focus on poor women and to make sure they would "receive credit for self-employment and other financial and business services by the year 2005" (Muhammad Yunus, in his speech at the Microcredit Summit, February 1997). In this regard, following Longwe's three levels of commitment, the project appears positively concerned with women's issues and the pursuit of improving women's societal position relative to men. What is more, even if the project was not specifically engineered for the purpose of women's empowerment, its design makes it inevitably concerned with women's status at an operational level.

Perera and Wijekoon (2019) who investigated the particular impact of microfinancing in Sri Lanka on welfare, conclude that 1) borrowers are generally able to improve their business successfully, 2) microfinance has positively contributed to the generation of employment opportunities in Sri Lanka, 3) part of a loan acquired through microfinancing is often used for improving housing conditions and investing in household necessities thereby improving household welfare and women's personal welfare.

As mentioned before, the Sri Lankan microfinancing industry is diverse. The LMFPFA – an organization dedicated to bringing microfinance practitioners together for networking purposes – has over 60 members, meaning that there are over 60 MFIs active in Sri Lanka today ("Membership", n.d.). Despite this seemingly large network of MFIs, the female employment rates in the Northern and Eastern provinces have made limited progress over the past years (Newhouse & Silwal, 2018). The disparity between female employment in the North and East and the Sri Lankan average has fallen from 15 to 12 percent between 2014 and 2018 (Newhouse & Silwal, 2018). This number is quite low considering that MFIs maintain a particular focus on the Northern and Eastern region in addressing female unemployment and poverty. What is more, this percentual drop cannot simply be ascribed to microfinancing because there are more factors that could contribute to the alleviation of female unemployment.

In sum, rural Sri Lankan women now involved in microfinancing did not have access to formal financial services before; they did not have the option to initiate business enterprises before joining MFIs because they lacked the venture capital. In this regard, the microfinance industry has positively impacted their material welfare and access to modes of production by opening avenues that remained closed to them before. However, though the gap is closing gradually, female employment rates in the Northern and Eastern Provinces still lag far behind those in the rest of the country and in that sense their welfare has not yet drastically improved.

Constraints

Microfinancing's positive implications for women's access and welfare are hampered by several constraints. The first of which is the *dual-role constraint*. As argued by Peterson (2005) who studied the significance of gender in political economy, women will face difficulties when forced to perform a dual role through their involvement in both a country's productive and reproductive economy (Peterson, 2005). The former denotes the formal economy and all economic activity that is regulated (Peterson, 2005). The latter denotes informal labor which is often produced in the private sphere (Peterson, 2005). Peterson (2005) discusses how men and women are engaged differently in economic processes and claims that women cannot simply be added into constructions that are inherently masculinized. In reference to the Sri Lankan labor market, female unemployment has long been a significant issue particularly in the areas where microfinancing is concentrated (Newhouse & Silwal, 2018). In these areas, women are mostly confined to traditional roles as wives or mothers and are not often part of the formal economy (Newhouse & Silwal, 2018). Through the provision of microfinance, these women are expected to take on new economic identities as entrepreneurs. As such, they are introduced to and become active members of the Sri Lankan formal economy. However, these women are still expected to perform care work within the reproductive economy as well. As Jayasinghe and Chaturani (2019) have demonstrated, in Sri Lanka, the bulk of reproductive work falls onto women. In fact, as Herath, Guneratne, and Sanderatne (2015) illustrate, at the family level, the division of labor is distinctly gendered and men's participation in household work is rare. In Sri Lanka, it is expected of women to be mothers and wives, and it is moreover expected that women obey their husbands (de Alwis, 2002 in Huis et al., 2018). In addition to housework and childcare, Sri Lankan women are expected to support their husband's income generating services through unpaid labor (Herath, Guneratne, & Sanderatne, 2015). Thus, microfinancing in Sri Lanka introduces the additional burden of formal labor into the lives of rural Sri Lankan women. This unequal diversification of labor is precisely what scholars like Peterson are wary of. These women are now expected to perform both formal and informal labor. Were the policy

of microfinancing to show a particular dedication to alleviating care work for women, for example through facilitating childcare, the burden resting on the shoulders of these women could be alleviated. Yet, no evidence of such a dedication was found in the Sri Lankan microfinancing industry.

The second constraint to women's empowerment through access and welfare is the *repayment constraint*. Research has shown that many Sri Lankan women involved in microfinancing experience difficulties maintaining regular loan repayments (Alawattage, Graham, & Wickramasinghe, 2019; Premarathne & Abeysekara, 2020). This difficulty is compounded by the fact that women often juggle multiple loans. While it is never acknowledged in the brochures or websites of prominent MFIs, rural Sri Lankan women are typically clients of several institutions at the same time (Alawattage, Wickramasinghe, & Graham, 2019; Tilakaratna & Hulme, 2015). In their study on microfinance in a Sri Lankan village, Alawattage Wickramasinghe, and Graham (2019) revealed that women confessed to taking out multiple loans for personal needs or to make repayment on other loans. Consequently, these women are not empowered but rather oppressed by virtue of their subjugation to an MFI. Mia (2017) and Premarathne and Abeysekara (2020) too, recognize over indebtedness and multiple borrowing as prevalent issues in the Sri Lankan microfinance landscape. Although women gain the ability to increase their material welfare through microfinancing in the short-term, the long-term could see them enmeshed in a complicated web of debt and multiple borrowing that becomes harder and harder to escape.

The final constraint is the *unequal access constraint*. Whereas some MFIs provide just credit, others provide credit in combination with complementary financial services (Premarathne & Abeysekara, 2020). Research has long demonstrated that credit alone is not enough to empower women, and complementary financial services greatly contribute to women's ability to reap the benefits of microfinance (Perera & Wijekoon, 2019; Premarathne & Abeysekara, 2020; Mia, 2017). Most poor rural women do not have the necessary knowledge to develop and sustain a business, making the provision of complementary financial services crucial in securing the financial health and sustainability of their business venture (Premarathne & Abeysekara, 2020). In their research, Jayasinghe and Chaturani (2018) specifically put forward that the educational level of Sri Lankan female borrowers involved in microfinancing is positively correlated with the likelihood of their entrepreneurial endeavors to succeed. Premarathne and Abeysekara (2020), in turn, pay particular attention to financial literacy. They discuss the Global Financial Literacy Survey conducted by Standard and Poor Ratings Services in 2014 which revealed that a mere

35% of Sri Lankan adults were financially literate (Premarathne & Abeysekara, 2020). These findings imply that most adults do not possess the necessary knowledge to set up a business.

Findings like Jayasinghe and Chaturani's (2018) and Premarathne and Abeysekara's (2020) indicate that the provision of credit to borrowers without sufficient education or financial literacy is ineffective. Complementary financial services were introduced precisely because credit alone proved insufficient as an instrument for women's empowerment (Alawattage, Graham & Wickramasinghe, 2019; Tilakaratna, Wickramasinghe, & Kumara, 2015; Yogendrarajah and Semasinghe, 2015). Still, not all Sri Lankan MFIs are dedicated to the provision of complementary financial services or only offer these services at a fee. A look at the websites of different Sri Lankan MFIs aptly demonstrates the great disparity in the nature and quality of financial services offered by different institutions in the Sri Lankan microfinance landscape. For example, the website of the Regional Development Bank shows no indication of the availability of complementary financial services.² Contrastingly, Sarvodaya Development Finance – one of the oldest companies dispensing microcredit in Sri Lanka – mentions the availability of credit plus services such as educational programs on their website.³

Unfortunately, a lot of microfinance activities remain unregulated resulting in the exploitation of borrowers through excessive interest rates and minimal to no financial support through credit-plus services ("Microfinance Sector", n.d.). Attempts to enact legislation to regulate MFIs were made for decades with no result. In 2016, Microfinance Act No. 6 was finally enacted. The Act facilitates licensing, regulation and supervision of licensed MFIs ("Microfinance Sector", n.d.). However, to date, only four MFIs have been licensed under Microfinance Act, No. 6, leaving the vast majority of active MFIs unregulated. As such, rural Sri Lankan women with limited knowledge of microfinance are likely to affiliate with an MFI that offers credit in the easiest way (Premarathne & Abeysekara, 2020). This allows unregulated MFIs to take advantage of their clients through the short-term promise of quick and easy credit.

In sum, the evidence suggests that the empowerment of Sri Lankan women in terms of access and material welfare is stifled by various constraints: 1) the experience of an increased burden due to the diversification of responsibility, 2) the risk of getting caught in cycles of debt, 3) the unequal access to complementary financial services. What is worse, these processes are inherently disempowering and counteract microfinancing's objective to alleviate poverty and

² "Loans and Advance". (n.d). *Regional Development Bank*. Retrieved from <https://www.rdb.lk/loans-and-advance/>.

³ "Micro Loans". (n.d.). *Sarvodaya Development Finance*. Retrieved from <http://www.sarvodayafinance.lk/products/>.

empower women. Furthermore, microfinancing's impact on rural Sri Lankan women's welfare and access is dependent on circumstantial factors such as a woman's level of financial literacy or her affiliation to a particular MFI. If the MFI shows a particular dedication to the provision of complementary financial services, the likelihood of her experience to be positively empowering increases. Thus, overall, microfinancing's impact on rural Sri Lankan women's welfare and access is highly dependent on circumstantial factors, and the constraints that impede women's empowerment are plentiful.

5.2. Conscientization

Impact and Intention

Within Longwe's framework, conscientization refers to acquiring a conscious understanding of gender related issues (March, Smyth, & Mukhopadhyay, 1999). It refers to the development of a critical consciousness of one's societal status. Longwe includes conscientization as a crucial dimension of empowerment in an attempt to move beyond conceptualizations of empowerment in a strictly economic sense. Its inclusion is therefore closely linked to an understanding of women's empowerment as subject to the persistence of subordinating gender ideologies.

Conscientization within Longwe's framework furthermore involves the idea that the gendered division of labor in a country should become more balanced through development efforts (March, Smyth, & Mukhopadhyay, 1999). Seeing as microfinancing is chiefly concerned with addressing women's unemployment and lifting women out of poverty, it is positively concerned with balancing the division of formal labor in the country.

In terms of microfinancing's impact on women's conscientization, research suggests that borrower groups and SHGs greatly contribute to women's overall awareness of gender related issues. For one, Herath, Guneratne, and Sanderatne's (2015) research investigating the empowering impact of two MFIs in Sri Lanka demonstrates that microfinance has the potential to empower female borrowers by strengthening their sense of confidence through social capital. Hansen (2015) maintains that microfinance has a positive impact on Sri Lankan women's psychological empowerment as well. Both studies emphasize the importance of social connections which can be strengthened through microfinance (Hansen, 2015; Herath, Guneratne, & Sanderatne, 2015).

Connecting this to more theoretical research, Rankin (2001) explains that borrower groups play a crucial role in anchoring women as rational economic actors in societies where cultural ideologies otherwise exclude women beyond the confines of their household. Herath, Guneratne,

and Sanderatne (2015) confirm this by demonstrating that borrower groups foster solidarity among rural Sri Lankan women, thereby stimulating the development of social capital among group members. Prior to joining MFIs, Sri Lankan women were often confined to their traditional care-giving roles (Herath, Guneratne, & Sanderatne, 2015). Their self-confidence was low, and they were highly dependent on their husband's income (Herath, Guneratne, & Sanderatne, 2015). The expansion of social capital brought on by borrower groups gives women the necessary confidence to enter the unknown territory of formal economic activity.

Research conducted by both Hansen (2015) and Herath, Guneratne, and Sanderatne (2015) furthermore reveals that rural Sri Lankan women were able to improve their sense of self-confidence and self-worth after joining an MFI. Moreover, Herath, Guneratne, and Sanderatne (2015) connect credit-plus services to rural Sri Lankan women's enhanced collective consciousness and increased social harmony. Here it must be reiterated that not all MFIs provide credit-plus services.

Moreover, rural Sri Lankan women's involvement in microfinancing has been linked to increased mobility (Herath, Guneratne, & Sanderatne, 2015). By attending borrower meetings and training programs, rural Sri Lankan women's physical mobility has expanded, which is positively correlated with increased confidence, courage, and access to information (Herath, Guneratne, & Sanderatne, 2015). In turn, increased confidence and access to new sources of information are linked to the acquisition of a critical consciousness (i.e., conscientization).

Finally, particular attention should be drawn to the connection between conscientization and collective action. The development of a critical consciousness of cultural ideology and its impact on one's societal status is a prerequisite for collective action (Rankin, 2001). Organized collective action may alter policy and practice such that it improves (women's) ability to make strategic life choices, thereby directly contributing to their overall empowerment. In the Sri Lankan case, protests organized by the 'Collective of Women Victimised by Microfinance Debts' display a pronounced awareness of gender related issues and women's sufferance at the hands of microfinancing policies. Starting on March 8th, 2021, the "Collective of Women Victimised by Microfinance Debts" started a non-violent sit-in protest (Wedagedara, 2021). The protest continued for 55 days, until it was called off temporarily due to a new wave of COVID-19 in the country (Wedagedara, 2021). As a collective of female borrowers, these women have evidently realized and developed a critical awareness of gender related issues and have a conscious understanding of the discriminatory practices linked to microfinancing. Their call for change

exposes a crisis stemming from a development model that has been used in the country for decades.

Constraints

Microfinance's impact on women's conscientization is subject to several constraints. First, the *labor-value constraint*, women's realization of their own potential to bring monetary value to their families is stifled by the unequal valorization of male work. In the Sri Lankan context, more value is placed on men's work than on women's work (Herath, Guneratne, & Sanderatne, 2015). Hence, rural Sri Lankan women continue to think that men's labor contribution is more important than their own (Herath, Guneratne, & Sanderatne, 2015). Hancock et al. (2017), who studied the gendered dimensions of the Sri Lankan textile and garment sectors specifically, bring forward that though women reported feeling empowered as a result of their economic participation, at a societal level, negative stereotypes about women working undermine their individual experience of empowerment. This example illustrates how societal attitudes towards women's economic participation may hinder women's individual empowerment. Thus, any increase in rural Sri Lankan women's conscientization is dampened by prevailing societal attitudes such as the distinctly gendered valorization of labor.

The second constraint will be referred to as the *microaccountability constraint*. Whereas the previous section highlighted how borrower groups and SHGs can enhance social capital amongst rural Sri Lankan women and increase their self-confidence per consequence, emphasis should also be placed on these groups as disciplinary spaces. Research by Alawattage, Graham, and Wickramasinghe (2019) expounds on the exploitation of existing village relationships. These authors theorize that within SHGs, women are "subjected to the continuous gaze of the neoliberal development state" operating through otherwise convivial relationships (Alawattage, Graham, Wickramasinghe, 2019, p. 20). By brokering a financial agreement between rural women, the group becomes a disciplinary space. At the heart of this disciplinary practice is women's saving and borrowing behaviors being made visible to other women in the group (Alawattage, Graham, & Wickramasinghe, 2019). Aninze, Hussain, and el-Gohary (2018) too, emphasize how collateral lending and SHGs can create social stigma around those who compromise the group through their financial behavior. In sum, the relationship between female borrowers takes on a distinctly financial character which affects the nature of their otherwise social relations. This reconceptualization of women's relation to one another constrains the cultivation of social capital by imposing an economic character on traditional social relations.

Finally, the *predatory practice constraint*. This constraint is multi-faceted. In the first place, it refers to the detrimental impact of violent debt collecting practices on women's sense of self-worth, self-confidence, and overall empowerment. An analysis of a dozen news articles pertaining to women's protests in Sri Lanka reveals that violent debt-collecting practices are a recurring issue in the Sri Lankan microfinance climate. For example, an article in the Indian newspaper *The Hindu* about the protests in Polonnaruwa states: "Their experience [...] not only counters popular claims in South Asia of microcredit alleviating poverty and alleviating women, but also highlights the devastating consequences of the individualized, high-interest microfinance loans, entangling women in a pile of debt" (Srinivasan, 2021). As vocalized by Sri Lankan women during their protests, MFIs have perverted the cause of microfinance by lending at exploitative rates. Accounts by journalists like Srinivasan (2021) and Wedagedara (2021) cite the exploitative rates as one of many issues in the Sri Lankan microfinance industry. In scholarly articles too, these rates are cited as a grave concern. Kadirgamar (2017) even identifies MFIs as one of the worst exploiters in Sri Lanka's war-affected regions. The extortionate rates are inherently disempowering to rural Sri Lankan women and increase their dependency on MFIs.

Other journalists draw attention to instances of debt-collecting that have been reported to result in verbal, physical, and sometimes even sexual violence (Legrand, 2020). Again, Kadirgamar (2017) too raises concern at these practices: "Microfinance and leasing companies lend to anyone without collateral, and then use thugs who are abusive to recover loans mainly given to women" (p. 164). It must be emphasized that there is an inherently gendered quality to these practices. Whereas the borrowers are generally female, debt collectors are generally male (Alawattage, Graham, & Wickramasinghe, 2019). This division is no coincidence, and the male domination of debt collector over female borrower is further testimony to Sri Lankan women's subordination to the microfinance industry.

Finally, it must be noted that MFIs have been accused of forcing women into mortgaging their gold, household equipment, and land, all to make repayments on their loans (Wedagedara, 2021). Altogether, such predatory lending practices prevent rural Sri Lankan women from realizing their capacity to make strategic life choices, thereby actively obstructing their empowerment. To exemplify, the self-confidence women gain through their involvement in borrowing groups and SHGs could be shattered by a horrible experience with a violent debt-collector. This is not to say these women are inevitable victims, but rather to emphasize the severity of such practices and the detrimental impacts they could have on female borrowers.

Altogether, women's conscientization has improved through microfinancing. Yet, the effect is paradoxical in the sense that women's conscientization is manifest in the very protests that strongly oppose microfinancing's dangerous implications. Though multiple constraints continue to stifle the empowerment of rural Sri Lankan women through the acquisition of a critical consciousness of gender related issues, the project definitely has a significant impact on conscientization.

5.3. Participation and Control

Impact and Intention

Participation refers to women's equal participation in decision-making processes (March, Smyth, & Mukhopadhyay, 1999). Control refers to women's control over decision-making processes and is achieved through conscientization and mobilization (March, Smyth, & Mukhopadhyay, 1999). In this regard, participation and control are closely connected inasmuch as both pertain to decision-making processes.

The idea of virtuous spirals, fundamental to the practice of microfinancing, maintains that women's participation in and control over decision-making processes will increase, as a result of their increased economic contribution within their households. This assumption is based on the idea that added monetary value will give women a more prominent position within the household by virtue of proving their worth to the family. Thus, microfinancing is not necessarily positively concerned with the improvement of women's decision-making powers. Rather, opponents of microfinancing expect increased decision-making powers to naturally follow from the provision of credit. For example, in reference to microfinance in Pakistan, Asim (2008) argues that the impact of microfinance improved women's status by increasing their independent income, their control over credit and savings, and by increasing their ability to bring a monetary contribution to the household.

Yet, as hypothesized by Mayoux in 2002, female borrower's increased decision-making powers are not a given. Mayoux (2002) contends that if women remain marginalized politically within society, the likelihood of women being involved in decision-making processes at the household- and community-level remain slim. Thus, according to Mayoux (2002), socio-political empowerment and increased decision-making abilities go hand in hand.

In the Sri Lankan context, Herath, Guneratne, & Sanderatne (2015) observe that decision-making power principally falls on the husband or other male family members. They observe a gradual change in this division of decision-making responsibilities after women join microfinancing

programs. However, though they observed an expansion of rural Sri Lankan women's participation in decision-making processes, levels of control over wages and expenditure for personal consumption were observed to remain minimal.

From a psychological perspective, Hansen (2015) reveals that rural Sri Lankan women involved in microfinancing show significantly higher levels of control beliefs than those not involved in microfinancing. Control beliefs refer to an individual's beliefs about the extent to which he or she is able to influence life outcomes. As such, increased control beliefs do not necessarily imply increased control over decision-making processes. Rather, it is expected that when a woman's belief in her ability to influence life outcomes grows through microfinancing, the interest to exert control over decisions pertaining to these outcomes grows as well. Once again, this does not imply that women are in fact able to exert more control over decision-making processes. It does imply that their desire to do so intensifies.

Constraints

From women's increased control beliefs follows an increased desire to participate in and exert control over decision-making processes. Rural Sri Lankan women's growing belief about the extent to which they are able to influence life outcomes yields the expectation that their desire to exert control over decision-making processes to this end would also increase. Participation was observed to slightly increase (Herath, Guneratne, & Sanderatne, 2015). Yet, research suggests that control over decision-making processes remains minimal (Herath, Guneratne, & Sanderatne, 2015). This could be because women's control over decision-making processes remains subject to external constraints. In this regard, the constraints largely align with previously mentioned constraints, particularly the *labor-value constraint* and the *unequal access constraint*.

First, let us consider how women's limited control over decision-making processes is connected to the *labor-value constraint*. As mentioned before, rural Sri Lankan women's economic contribution at the household-level remains secondary to contributions made by men (Herath, Guneratne, & Sanderatne, 2015). It follows that even though rural Sri Lankan women involved in microfinancing might experience the enhancement of their ability to influence life outcomes as a result of their increased economic contribution, this enhancement might not be perceived as such by their (male) family members who continue to undervalue women's labor. Consequently, women's control over decision-making processes remains subject to the interpretation of others inasmuch as the under valorization of their work does not warrant control from the perspective of their family members. Warnings against this trend have been issued early on by scholars like

Mayoux (2002), who argued that increased control is unlikely in masculinized settings such as the labor market.

Second, the connection between women's limited control and the *unequal access constraint*. Women's increased control is partially dependent on an increase in women's control beliefs (Hansen, 2015). Women's control beliefs grow as women's self-confidence and self-worth expands (Hansen, 2015). In turn, the self-confidence and self-worth of rural Sri Lankan women involved in microfinancing was shown to improve through credit-plus services such as trainings, awareness programs, workshops, and so on (Herath, Guneratne, & Sanderatne, 2015). Yet, credit-plus services are not equally available to all Sri Lankan female borrowers. Therefore, the improvement of rural Sri Lankan women's control beliefs through increased self-confidence is in part determined by their affiliation to a particular MFI. Those with access to MFIs offering credit-plus services will therefore experience the project as empowering as opposed to those affiliated with MFIs that do not offer credit-plus services.

Overall, the Sri Lankan case presents a complicated relation between participation and control. Whereas women's participation in decision-making processes has improved, their control over such processes remains strained. As such, the project has a positive impact on participation but not on control.

Overall Empowering Impact

Longwe purports that the dimensions of equality are set up in hierarchical order. Empowerment at the higher levels therefore has a larger impact on women's overall empowerment than empowerment across the lower levels (March, Smyth, & Mukhopadhyay, 1999). Moreover, it must be noted that intense activity across the lower levels is not necessary for empowerment to occur at all. Activity across the higher levels, on the other hand, is fundamental.

In the Sri Lankan case, activity was observed across the following dimensions access, welfare, conscientization, and participation. Activity was not observed across the highest dimension: control. Furthermore, constraints were present across all dimensions, seriously hampering the impact of microfinancing on women's empowerment overall. Some of these constraints even resulted in disempowering processes (e.g., debt traps, predatory lending practices). Arguably, the prevalence of such processes directly opposes microfinancing's objectives, thereby perverting the project as a whole. This prompts the conclusion that microfinancing does not induce a positive experience of empowerment for all rural Sri Lankan female borrowers.

Whereas the project might empower some, it has disempowered many, making it an inappropriate development strategy in the Sri Lankan context.

Chapter 6: Interpreting Emerging Patterns and Vicious Spirals

Some interesting patterns emerged from the preceding analytical chapter, which illuminate the structure and impact of microfinancing in Sri Lanka. In the following chapter, three such patterns will be discussed: 1) vicious spirals, 2) disparity across MFIs, and 3) the paradox of protest.

6.1. Pattern 1: Vicious Spirals

As demonstrated at length, the proliferation of microfinancing as a tool for empowerment heavily relies on the concept of virtuous spirals. Yet this concept should not be taken at face value. In the first place, it cannot be assumed that the provision of credit will result in an increase in income. Businesses established through microfinance can still fail and making a profit is never a given. Secondly, the linkage between economic contribution and increased control is objectionable too. As discussed in the previous section, rural Sri Lankan women's contribution at the household level remains subject to societal attitudes and is consistently undervalued relative to the contribution of their male counterparts. As such, the two processes integral to the idea of virtuous spirals – provision of credit inducing increased economic activity and increased household income inducing increased control over decision-making – cannot be assumed.

Furthermore, the preceding analysis has brought to light various disempowering processes. Microfinancing has disempowered rural Sri Lankan women through 1) violent debt-collecting practices, 2) women's entrapment in a web of debt, 3) women's increasing dependency on MFIs, and 4) the subjugation of traditional social relations to a disciplinary financial agreement. From these patterns emerges the other face of microfinancing; a project with the potential to disempower women and enslave them to an inherently gendered and capitalist practice. In other words: whereas microfinancing could induce virtuous spirals of empowerment on the one hand, it seemingly is inducing *vicious spirals of disempowerment* in reality.

Much like the concept of virtuous spirals, vicious spirals too should not be assumed to occur. Rather, this concept is introduced with the intention to issue a warning about the potentially harmful consequences of microfinancing. The conceptualization of this term is of particular importance because the previous absence of an antonym to virtuous spirals sustains the illusion that virtuous spirals are the only course for the project of microfinancing.

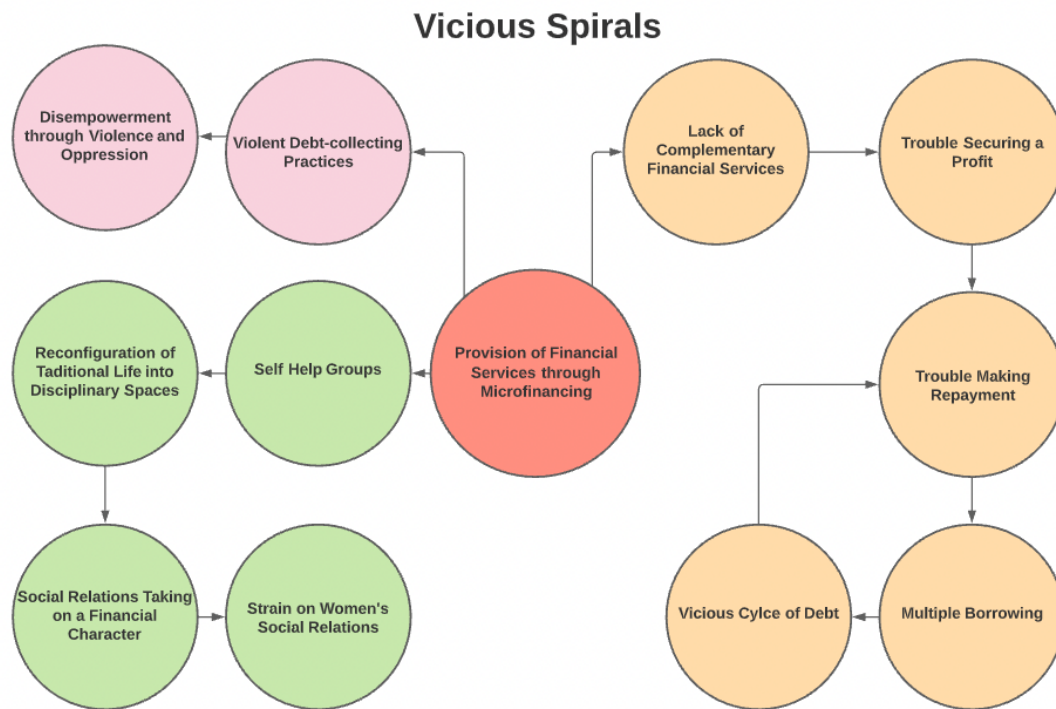


Figure 2. A schematic representation of the vicious spirals hypothesized to be set in motion through microfinancing.

6.2. Pattern 2: Disparity Across MFIs

One constraint that interferes with empowerment across all dimensions is the disparity in services offered by different MFIs. Research by scholars like Hansen (2015) and Herath, Guneratne, and Sanderatne (2015) has demonstrated the importance of credit-plus services for the fruition of women’s empowerment through microfinancing. Without the necessary complementary financial services, rural Sri Lankan women – most of which do not have any prior business experience – cannot be expected to turn their credit into a profitable business. Not receiving credit-plus services could even act as a catalyst for a vicious spiral of disempowerment. To explain, borrowers who receive limited or no credit-plus services might struggle to establish a profitable business. Without profit, it becomes impossible for these borrowers to make repayment. Repayment struggle is one of the primary causes of multiple borrowing. Multiple borrowing, in many cases, is considered the beginning of the end for

borrowers. It is a slippery slope that sees many become trapped in a cycle of debt and repayment that is inherently disempowering. What is more, because the group structure often used by MFIs creates group responsibility, women who fail to make repayment can become ostracized socially as other borrowers condemn them for their financially 'reckless' behavior.

Nonetheless, not all MFIs share the same dedication to supporting women via complementary financial services. As previously discussed, attempts have been made to regulate the microfinance industry (see the Microfinance Act, No. 6 of 2016). Unfortunately, the impact of this piece of legislation remains limited. Per consequence, MFIs still have free reign to determine their interest rates, to decide whether to provide credit-plus services, and to regulate the quality and pricing of credit-plus services when provided. Without adequate regulation, the Sri Lankan microfinance landscape has become a toxic wasteland, trapping many in its murky wilderness.

Due to the widespread disparity between services offered by MFIs and the quality thereof, the extent to which rural Sri Lankan women experience microfinancing to be empowering is highly dependent on the MFI they borrow from. This disparity moreover makes it impossible to assess the project of microfinancing as an overarching development strategy, because the provision of microfinance is not uniform whatsoever. It seems wholly unfair that the empowering potential of microfinancing is largely determined by the institutions providing it; rural Sri Lankan women should have equal access to equal services rather than a mere *chance* at empowerment through microfinance.

6.3. Pattern 3: The Paradox of Protest

As discussed in the analysis, rural Sri Lankan women's protests against the detrimental impact of microfinancing are a signifier of their growing conscientization. The protests are indicative of women's shared awareness, their ability to organize and mobilize, and a profound belief in their ability to make strategic life choices. Yet, a paradoxical trend underlies this phenomenon: namely, that women's oppression through microfinancing acted as the catalyst that made this form of empowerment visible.

It seems counterintuitive that rural Sri Lankan women should be disempowered through predatory lending practices and neoliberal tactics in order to eventually experience empowerment through the organization of large-scale protests. Yes, it was through microfinancing that these women were able to form the connections necessary to mobilize. Yes, it was through microfinancing that these women were able to share their grievances with one another, and consequently realize that they were not alone in their suffering. Yes, these

processes enabled the necessary momentum for women's empowerment through collective action. But it was paradoxically also microfinancing that exposed these women to the miserable circumstances that warranted protest in the first place.

The paradoxical nature of this process convolutes the question as to whether these protests can be interpreted as visible reality of rural Sri Lankan women's empowerment. Following Narayan's (2002) definition of empowerment, namely that empowerment must occur from a previous state of limited control, it would follow that these protests are indeed a form of empowerment. The protests are indicative of women's dedication to escaping from a state of disempowerment, from the injustice done to many through the oppressive practices of certain MFIs. What is more, these protests indicate a profound belief in their ability to do so, thereby constituting a form of empowerment that becomes evident through the realization that one can exercise control over their own future. Finally, in line with Kabeer's definition of empowerment, women's commitment to holding accountable the institutions that directly affect their lives is manifest in their protesting.

Since the protests are ongoing, it is too early to determine whether they will warrant legislative or policy change. However, regardless of whether change occurs at these levels, the protests are testimony to rural Sri Lankan women's collective empowerment and have exposed the two faces of microfinancing to a wider audience. With publications ranging from local Sri Lankan newspapers to internationally acclaimed magazines like *The Economist*, the issue of microfinancing is introduced to an increasingly broad audience.

Concluding Remarks

This research sought to investigate the development of rural Sri Lankan women's empowerment through microfinance, which is a central tenet of the country's post-conflict development strategy. In this assessment, the research looked at women's empowerment across five distinct dimensions 1) welfare, 2) access, 3) conscientization, 4) participation, and 5) control. The analysis of the salience of empowerment across these dimensions is embedded in a thorough understanding of the dominant discourse surrounding microfinance and empowerment.

This research established that an impact on women's empowerment can be observed across the dimensions of access, welfare, conscientization, and participation. No suggestion of a significant impact on women's levels of control was found. Furthermore, various constraints dampening the impact of microfinance on rural Sri Lankan women's empowerment were identified across all dimensions. Constraints brought forward in this research included: 1) the dual-role constraint, 2) repayment constraint, 3) unequal access constraint, 4) labor-value constraint, 5) microaccountability constraint, and 6) predatory practice constraint.

What is more, the research emphasized three dominant patterns emerging from the analysis of rural Sri Lankan women's empowerment across Longwe's five dimensions of empowerment. First, a new term was conceptualized vis-à-vis the concept of virtuous spirals. The concept of vicious spirals was introduced to highlight that microfinance has the ability to set dwindling processes of disempowerment in motion. Second, emphasis was placed on the disparity between MFIs and the nature and quality of services offered by them. Since there is no uniformity in the provision of financial services across MFIs, the extent to which rural Sri Lankan women experience microfinancing to be empowering is partially dependent on the particular MFI they are affiliated to. Finally, attention was called to the paradox of protest. The relation between rural Sri Lankan women's protests against microfinancing and their empowerment is paradoxical in the sense that these women were *disempowered* prior to empowering themselves through collective action.

Looking at women's empowerment as a multi-dimensional concept through Longwe's framework proved valuable to the aim of this research. Through the application of this framework various constraints and patterns were distilled from the data which contribute to our understanding of microfinancing as a development strategy that has the potential to both *empower* and *disempower* at the same time. In reference to future case-studies regarding microfinancing and women's empowerment, the application of Longwe's framework is therefore

recommended. The constraints and patterns brought forward in this research might very well be present in other microfinancing projects across the globe. As such, an investigation of the empowering impact of microfinancing on women in other countries guided by Longwe's framework would allow us to uncover whether the presence of these constraints and patterns can be linked to microfinancing in general rather than to the Sri Lankan case specifically.

Altogether, this research has shown that the evolution of women's empowerment through microfinancing in Sri Lanka is tainted by numerous constraints. These constraints stifling rural Sri Lankan women's empowerment through microfinancing directly oppose the objective of microfinancing, thereby perverting the cause of the project as intended by its founder Muhammad Yunus. Microfinancing in Sri Lanka does not constitute a universally positive and empowering experience for the rural women involved in the project. Whereas the project has a positive impact on some women, it has severely disempowered many and has even brought violence into the lives of female borrowers. As such, the analysis of the evolution of rural Sri Lankan women's empowerment through microfinancing prompts the conclusion that microfinancing in its current form, is not an adequate post-conflict development strategy in the Sri Lankan context because it places excessive pressure on its targets. Its professed dedication to women's empowerment hardly comes to fruition. Thus, unless microfinance is restructured to pointedly address gender inequalities, it becomes a means of shifting the burden of development onto impoverished women, the onus for development landing squarely on their shoulders.

To improve the project's functioning in the Sri Lankan context, several fundamental changes are necessary. In the first place, the provision equal financial services by different MFIs should be insured. The current disparity in services offered and provided is a tremendous obstacle to the proper functioning of microfinancing in Sri Lanka. Moreover, all MFIs should be dedicated to the provision of credit-plus services as widespread evidence suggests that financial sustainability of women's businesses established through microfinancing dramatically decreases without such services. Moreover, the current legislative framework for microfinancing in Sri Lanka is inadequate and in need of revision. Finally, the implicitly gendered structures prevalent in the Sri Lankan microfinancing industry should be recognized and addressed.

In terms of future research, let us restate the relevancy of applying Longwe's framework to more microfinancing case-studies. In doing so, general patterns and constraints tainting the microfinance industry as a whole could be brought to light. In addition, combining Longwe's framework with a particular focus on constraints allows researchers to see the whole puzzle of women's empowerment rather than a mere piece of it. It is this approach precisely that allows a

researcher to distill certain patterns such as the vicious spiral of disempowerment that MFIs can set in motion. It is for this reason that future research is urged to consider similar cases in light of the same approach. For it is imperative we do not lose sight of the whole in pursuit of a glimpse.

Works Cited

- Alsop, R., Bertelsen, M., & Holland, J. (2006). *Empowerment in practice: From analysis to Implementation*. World Bank Publications, (35032). Retrieved from <https://openknowledge.worldbank.org/>.
- Abdullahi, H., & Abdullahi, Y. Z. (2013). Gender analysis using the empowerment framework: Implications for alleviating women's poverty in Nigeria. *Academic Journal of Interdisciplinary Studies*, 2(1), 123-123. Doi: 10.5901/ajis.2013.v2n1p123
- Addae, J. A. (2015). Effect of microfinance on women's empowerment: A review of the literature. *Addri Journal of Arts and Social Sciences*, 13(8), 1-15.
- Alawattage, C., Graham, C., & Wickramasinghe, D. (2019). Microaccountability and biopolitics: Microfinance in a Sri Lankan village. *Accounting, Organizations, and Society*, 72, 38-60. Doi: <https://doi.org/10.1016/j.aos.2018.05.008>
- Aninze, F., El-gohary, H., & Hussain, J. G. (2018). The role of microfinance to empower women: The case of developing countries. *International Journal of Customer Relationship Marketing and Management*, 9(1), 54-78. Doi: 10.4018/IJCRMM.2018010104
- Asim, S. (2008). Evaluating the impact of microcredit on women's empowerment in Pakistan. *Center for Research in Economic and Business Working Paper*, (2-9). Retrieved from <https://ssrn.com/abstract=1365812>.
- Atapattu, A. (2009). State of microfinance in Sri Lanka. *Prepared for the Institute of Microfinance (InM) as part of the project on the state of microfinance in SAARC Countries*. Retrieved from <http://inm.org.bd/>.
- Athukorala, P. (2016). Sri Lanka's Post-civil War Development Challenge: Learning from the Past. *Contemporary South Asia*, 24(1), 19-35. Doi: <https://doi.org/10.1080/09584935.2015.1132188>
- Bourdieu, P. (1977). *Outline of a Theory of Practice*. Cambridge: Cambridge University Press.
- Cornwall, A., Gideon, J., & Wilson, K. (2008). Introduction: Reclaiming feminism: Gender and neoliberalism. *Institute of Development Studies Bulletin*, 39(6), 1-9. Doi: <https://doi.org/10.1111/j.1759-5436.2008.tb00505.x>
- Eisenstein, H. (2005). A dangerous liason? Feminism and corporate globalization. *Science and society*, 69(3), 487-518. Doi: <https://doi.org/10.1521/isis.69.3.487.66520>
- Foucault, M. (2008). *The birth of biopolitics: Lectures at the Collège de France, 1977-78*. New York: Palgrave Macmillan.
- "Gender concepts and definitions". (n.d.). *John Hopkins University Affiliate*. Retrieved from <https://gender.jhpiego.org/analysistoolkit/gender-concepts-and-definitions/>.

- Gunasekara, V., & Nagaraj, V. (2019). The construction of the 'responsible woman': Structural violence in Sri Lanka's post-war development strategy. In K. Samuel, C. Slatter, & V. Gunasekara (Eds.), *The political economy of conflict and violence against women: Cases from the South* (pp. 29-58). London: Zed Books.
- Hancock, P., Carasthesis, G., Georgiou, J., & Oliveira, M. (2015). Female workers in textile and garment sectors in Sri Lankan Export Processing Zones (EPZs): Gender dimensions and working conditions. *Sri Lanka Journal of Social Sciences*, 38(1), 63-77.
doi: : <http://dx.doi.org/10.4038/sljss.v38i1.7386>
- Hansen, N. (2015). The development of psychological capacity for action: The empowering effect of a microfinance programme on women in Sri Lanka. *Journal of Social Issues*, 71(3), 597-613. Doi: <https://doi.org/10.1111/josi.12130>
- Herath, H. M. W. A., Guneratne, L. H. P., & Sanderatne, N. (2015). Impact of microfinance on women's empowerment: a case study on two microfinance institutions in Sri Lanka. *Sri Lanka Journal of Social Sciences*, 38(1), 51-61.
Doi: <http://dx.doi.org/10.4038/sljss.v38i1.7385>
- Holcombe, S. (1995). *Managing to empower: the Grameen Bank's experience with poverty alleviation*. London: Zed Press.
- Jacobs, K., Habib, M., Musyoki, N., & Jubb, C. (2012). Empowering or oppressing: The case of microfinance institutions. In T. Hopper, M. Tsamenyi, S. Uddin, & D. Wickramasinghe (eds.), *Handbook of Accounting and Development* (pp. 162-81). Cheltenham: Edward Elgar Publishing.
- Jayasinghe, A., & Chathurani, S. (2019). Women empowerment and microfinance in Sri Lanka: With special reference to Homagama divisional secretariat division. *International Journal of Multidisciplinary Research and Development*, 5(12), 174-178.
- Jayawardhana, K. (2021, March 3). Microcredit in Sri Lanka: A fallen angel? *Daily FT: Sri Lanka*. <https://www.ft.lk/columns/>.
- Jones, S. (2011). Girls' secondary education in Uganda: Assessing policy within the women's empowerment framework. *Gender and Education*, 23(4), 385-413. Doi: <https://doi.org/10.1080/09540253.2010.499854>
- Kabeer, N. (1999). Resources, agency, achievements: Reflections on the measurement of women's empowerment. *Development and change*, 30(3), 435-464.
Doi: <https://doi.org/10.1111/1467-7660.00125>
- Kadirgamar, A. (2017). The failure of post-war reconstruction in Jaffna, Sri Lanka: Indebtedness, caste exclusion and the search for alternatives [published doctoral dissertation]. City University of New York, New York.

- Kadirgamar, A., & Kadirgamar, N. (2019, September 5). Microfinance has been a Nightmare for the global south. Sri Lanka shows that there is an alternative. *OpenDemocracy*. Retrieved from <https://www.opendemocracy.net/en/oureconomy/>.
- Keating, C., Rasmussen, C., & Rishi, P. (2010). The rationality of empowerment: Microcredit accumulation by dispossession, and the gendered economy. *Signs: Journal of Women in Culture and Society*, 36(1), 153-176.
- Legrand, N. (2020, March 3). In Sri Lanka, resistance to private indebtedness is a strategic issue. *Committee for the Abolition of Illegitimate Debt*. Retrieved from <http://www.cadtm.org/>.
- Littlefield, E., Morduch, J., & Hashemi, S. (2003). Is microfinance an effective strategy to reach the Millennium Development goals? *Consultative Group to Reach the Poor Focus Note*. Retrieved from <https://www.cgap.org/>.
- Longwe, S.H. (1995). Gender awareness: The missing element in the Third World development program. In C. March & T. Wallace (Eds.), *Changing perception: New writings on gender and development* (pp. 149-57). Oxford: Oxfam.
- Longwe, S. H. (1998). Education for women's empowerment or schooling for women's subordination? *Gender & development*, 6(2), 19-26.
- March, C., Smyth, I. A., & Mukhopadhyay, M. (1999). A guide to gender-analysis frameworks. *Oxfam*. Retrieved from <https://www.ndi.org/>.
- Mason, J. (2018). *Qualitative researching* (third edition). Newbury Park, Sage Publishing.
- Mayoux, L. (2002). Microfinance and women's empowerment: Rethinking "best practice." *Development Bulletin*, 57, 76-80.
- Mehran, G. (2009). "Doing and undoing gender": Female higher education in the Islamic Republic of Iran. *International Review of Education*, 55(5), 541-59.
- Mia, M. (2017). What causes multiple borrowing in microfinance? A developing Country experience. *Strategic Change*, 26(2), 83-99. Doi: 10.1002/jsc.2112
- "Microfinance Sector". (n.d.). *Central Bank of Sri Lanka*. Retrieved from <https://www.cbsl.gov.lk/>.
- "Membership". (n.d.). *Lanka Microfinance Practitioners' Association*. Retrieved from <https://www.microfinance.lk/membership/>.
- Molyneux, M. (1985). Mobilization without Emancipation: Women's Interests, the State, and revolution in Nicaragua. *Feminist Studies*, 11(2), 227-54.
- Morduch, J., & Haley, B. (2002). Analysis of the effects of microfinance on poverty Reduction. *NYU Wagner Working Paper*, (1014). Retrieved from https://pdf.wri.org/ref/morduch_02_analysis_effects.pdf.

- Moyo, A., & Tarugarira, G. (2020). Money dwells in the spiritual pocket! The gospel of prosperity and the empowerment of women through Talents/ Matarenda among ZAOGA FIF Adherents in Gweru, Zimbabwe. *Journal for the Study of Religion*, 33(1), 1-24.
Doi :<http://dx.doi.org/10.17159/24133027/2020/v33n1a3>
- Mudugamuwa, M. (2021, May 4). Sri Lanka: Microfinance debt trap: Still awaiting reprieve. *Committee for the Abolition of Illegitimate Debt*. Retrieved from <https://www.cadtm.org/>.
- “Muhammad Yunus, Grameek Bank”. (2006). *The Nobel Peace Prize*. Retrieved from <https://www.nobelpeaceprize.org/>.
- Narayan, D. (2002). *Empowerment and reduction: A sourcebook*. World Bank Publications. Retrieved from <https://www.worldbank.org/>.
- Newhouse, D., & Silwal, A.R. (2018). The state of jobs in post-conflict areas of Sri Lanka. *World Bank Policy Research Working Paper*, (8355). Retrieved from <https://openknowledge.worldbank.org/>.
- Perera, M. A. M. I., & Wijekoon, W. M. S. M. (2019). Role of microfinance in empowering poor rural households: A case study in Berendina in Sri Lanka. *Sri Lanka Journal of Business*, 8(1), 145–159.
- Peterson, S. (2005). How (the meaning of) gender matters in political economy. *New Political Economy*, 10(4), 499–521.
Doi: <https://doi.org/10.1080/13563460500344468>
- Premarathne, W. G. I. D., & Abeysekera, R. (2020). Exploring financial literacy programmes delivered by the Sri Lankan microfinance institutions: A case study approach. *Kelaniya Journal of Management*, 8(2), 92–112.
Doi: <http://doi.org/10.4038/kjm.v8i2.7606>
- Rankin, K. (2001). Governing development: Neoliberalism, microcredit, and rational economic woman. *Economy and society*, 30(1), 18-37.
Doi: <https://doi.org/10.1080/03085140020019070>
- Rhyne, E. (1998). The Yin and Yang of microfinance: reaching the poor and sustainability. *MicroBanking Bulletin*, 2(1), 6-8.
- Robinson, S. (2001). *The microfinance revolution: Sustainable finance for the poor*. World Bank Publications, (23250). Retrieved from <https://openknowledge.worldbank.org/>.
- Sanyal, P. (2009). From credit to collective action: The role of microfinance in promoting women's social capital and normative influence. *American*

- sociological review*, 74(4), 529-550.
 Doi: <https://doi.org/10.1177/000312240907400402>
- Sarkar, S. (2014). Repayment frequency in the law of microfinance. *Yale Journal on Regulation*, 31, 259-68.
- Schuler, S., Hashemi, S., and Riley (1996). Rural credit programs and women's Empowerment in Bangladesh. *World Development*, 24(4), 635-53.
- Sharma, S. L. (2000). Empowerment without antagonism: A case for reformulation of women's empowerment approach. *Sociological bulletin*, 49(1), 19-39.
- Sohail, M. (2014). Women empowerment and economic development: An exploratory study in Pakistan. *Journal of Business Studies Quarterly*, 5(4), 210-21.
- Sirimanna, B. (2021, April 18). Micro finance sector undergoes reforms despite present cash crunch. *The Sunday Times: Sri Lanka Edition*. Retrieved from <https://www.sundaytimes.lk/210418/>.
- Sri Lanka Department of Census and Statistics (DCS). (2015). *The spatial distribution of poverty in Sri Lanka*. Retrieved from <http://www.statistics.gov.lk/Poverty/>.
- Sri Lanka Department of Census and Statistics (DCS). (2019). *Agricultural household survey 2016/17*. Retrieved from <http://www.statistics.gov.lk/Agriculture/>
- Srinivasan, M. (2021, April 12). A grim new year for debt-trapped rural women in Sri Lanka. *The Hindu*. Retrieved from <https://www.thehindu.com/news/international/>.
- The Economist. (2019, August 15). Microfinance is driving many Sri Lankan borrowers to despair. *The Economist*. Retrieved from <https://www.economist.com/finance-and-economics/>.
- Tilakaratna, G., & Hulme, D. (2015). Microfinance and multiple borrowing in Sri Lanka: Another microcredit bubble in South Asia? *South Asia Economic Journal*, 16(1), 46-63. Doi: <https://doi.org/10.1177/1391561415575127>
- Tilakaratna, G., Wickramasinghe, U., & Kumara, T. (2005). *Microfinance in Sri Lanka: A household-level analysis of outreach and impact on poverty*. Colombo: Institute of policy studies. Retrieved from <https://www.ips.lk/>.
- U.N. Security Council, *Security Council Resolution 1325 (2000) [on women and peace and security]*, 31 October 2000, S/RES/1325 (2000). Retrieved from <https://www.refworld.org/>.
- U.N. Women, & ILO (2012). *Policy brief: Decent work and women's economic empowerment: Good policy and practice*. Retrieved from <https://www.unwomen.org/>.
- Yogendrarajah, R., & Semasinghe, D. (2015). A study on empowerment of rural women through microcredit facilities in Sri Lanka. *Management Studies*,

3(9-10), 237-246. Doi: 10.17265/2328-2185/2015.0910.002