

NSF Blurb of Proposed RCT

Many microcredit lending programs in poor countries have been directed towards women, based on a presumption that better access to credit will empower women, improve the well-being of children and spur economic development now and in the future. However, there is little empirical evidence of a causal link between women's access to credit, empowerment and improved outcomes for women and children. While many of the world's most deprived people are farmers, most studies focus on operators of non-farm businesses. And many studies are limited to a short span of time, just two or three years at most, following the experimental intervention. In this project, we will execute a long-run follow-up survey to a field experiment of microcredit provision, conducted in Bangladesh in 2012. The study was the first large microcredit study to collect data on women's and children's health outcomes, and its subjects were mostly tenant farmers. Our project will gather information on health and education outcomes as well as assessments of women's empowerment (economic, reproductive, psychological), six to seven following the intervention. Therefore, we will be able to study the effect on long-term outcomes related to educational attainment and health status. Our findings will shed light on whether or not microcredit provision can improve the wellbeing of some of the most deprived women and children in one of the world's poorest countries.

Recent randomized control trial studies find little or no effect of microcredit on investments in education or health, or on women's decision-making power (Banerjee et. al 2016). In contrast, Pitt et al (2003) and Pitt, Khandker and Cartwright (2006), in examining non-random access to microcredit in Bangladesh in the 1990s, do find that credit provided to women helps to increase women's empowerment, reduces malnutrition in children, and has large positive effects on relative changes in children's health. They find credit provided to men has no significant effect. However, these studies use structural estimation techniques to identify effects. Given the non-experimental nature of these studies, questions have been raised about the robustness of the findings (Roodman and Morduch 2009; Duvendack and Palmer-Jones 2012; Roodman and Morduch 2014). An important question is whether the difference in findings across these studies is due to their short-run nature, program design, or the identification strategy (Roodman and Morduch 2014). This project will address this question by collecting follow-up data on a clustered randomized control trial of a credit program targeted towards farm microenterprises in Bangladesh, successfully implemented by BRAC in 2012.

This follow-up study is conducted in coordination with BRAC. We will measure the long-run impact of women's access to microcredit on health and educational investment, health-related outcomes of women and children, and on three different aspects of women's empowerment—economic, demographic and psychological. This project will contribute to understanding the important issue of the linkage between women's access to credit and improvements in health and educational outcomes, and women's empowerment. Most importantly, the collaboration with a development agency involved in the actual implementation of development policies will imply an immediate integration of research results into policy guidelines and development programs.