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programs**

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March 2009

Online at <http://mpa.ub.uni-muenchen.de/16874/>
MPRA Paper No. 16874, posted 20. August 2009 / 15:27

Acute Poverty Alleviation Through Women's Targeting By Microfinance Programs.

Abstract

The present paper aims to adduce succinctly the reasons and arguments sustaining female-targeting microfinance programs, predominantly because of their capacity of offering an effective and operational tool against poverty. The herewith paper basically follows a double-axis organization. The first axis (embracing the 3rd and 4th part of the corpus) focuses on the benefits of microfinance, through stressing its economical and social dimensions and consequences - while contributing to enhance the holistic character of poverty reduction. With regard to the second axis (composed by the 5th part of the corpus), it emphases the potential criticisms oriented towards microfinance - thus highlighting its weaknesses - and also offering potential answers (even if only embryonically designed) for palliating them. By offering this former bi-axed structure, this essay contributes to underline the positive corollary existing between the targeting of women by microfinance programs, on the one hand, and the consequent decrease of poverty, on the other hand, hence contributing to sustain the quasi exclusive female-oriented character of microfinance.

Keywords. Women, microfinance, microcredit, poverty, development, alleviation, targeting, economic aspects, social aspects.

Introduction.

Gender equality is more than a goal in itself. It is a precondition for meeting the challenge of reducing poverty, promoting sustainable development and building good governance. (Annan, 2002).

In 2005, according to the World Bank, 16, 1% of the population lived with less than 1\$ a day (which corresponds to absolute, or monetary poverty) and 57, 6% lived with less than 2, 5\$ a day. Moreover, according to the Microcredit Summit 2005, women represent 70% of individuals living with less than 1\$ a day. Not only do women represent the major part of the poorest individuals, but in addition they are also the most vulnerable. On the basis of these reports regarding female poverty and vulnerability, it seems imperative to help them, through microfinance programs. Poverty reduction strategies are strongly related to the promotion of development (because poverty can only be reduced in presence of development). Thus, while in the developmental process, Humans are vital actors, speaking about development without seeking to reduce inequalities between man and woman, leads to both an amputated development and an amputated poverty reduction. Furthermore, the World Bank (2001) putted under light that the characteristic chronic gender inequalities of many developing countries, are a restraint for economical growth and development. Therefore, the amelioration of man-woman equality appears as a crucial component part of effective durable development strategies.

Through poverty reduction projects (mainly microfinance programs), giving women access to financial services, is a mean of mobilizing their productive capacities in favour of economic development. In addition, the fact that woman is a heteroclitic actor (on the public scene her status is precarious while on the private scene she has multiple responsibilities), implies that she is a source of various potentialities for the development of her country. Therefore, microfinance strategies must be exclusively oriented towards women. “Microfinance constitutes before all a mean which frees the dreams of the humans and helps even the poorest of the poor to reach dignity” (Yunus, 2003): in addition to their role at the familial scale, through microfinance, women become active economic actors. Finally, targeting women has as corollary the emergence of a holistic development, in the sense that, when women dispose of money, they spent it for the family, subsequently, by increasing their income, a multiplying effect is expected, in terms of impact on their household poverty rate and finally on the overall poverty rate of the country.

Definition of microfinance: semantic, mechanistic and social approach.

On a semantic plan, microfinance can be defined as “giving access to financing means, to a maximum of poor people, by allowing them to use their capacities in the favour of a durable development” (Yunus, 2003). So, the subjacent particularity of microfinance is that first, it allows the poorest actors to exploit their competences and therefore to become a productive economical agent, second, these poor actors are becoming reliable clients of specific microfinance programs.

The mechanistic approach to microfinance focuses on its capacity to allow a virtuous economic cycle. Indeed, a small credit granted to a micro-entrepreneur is invested, generates an income, credit is redeemed, the entrepreneur can access to another credit and finally the micro-entrepreneur has an increased purchasing-power as well as a social recognition.

Concerning the social approach, it focuses on the actors targeted by microfinance programs and the global consequences upon the community. Through the access to financial means, microfinance gives not only an access to self-employment but contributes also to the amelioration of the whole family life conditions and has an influence on the social situation of a poor person, by privileging self-confidence and the capacity of playing an active role in society. This social impact is particularly important for women and is an impetus for their empowerment. This later constitutes a vital part of the development process and therefore allows poverty reduction.

Principal economic aspects of development offering three empirically verified hypotheses sustaining women’s targeting by microfinance.

The first hypothesis expatiates on sexes and development and emphases that sexes inequalities is a constraint for economical growth and development, so it is feeding poverty. The World Bank (2001) established a positive correlation between, on the one hand its measures on the women’s empowerment and the indices of development (related to sexes inequalities), on the other hand, the Index of Human Development. Men-woman

equality promotion is a key element of every poverty-fighting and development strategy. Microfinance programs have prior towards women because, by giving to women access to monetary and educational funds, microfinance helps to mobilize female productive capacities in order to reduce poverty and maximise economic output.

The second hypothesis expatiates on the hybrid social female situation. It takes as granted that first, women have a precarious status in the public realm thus they are counting themselves among the poorest of the poor. Second, women have in the private realm a status imposing them plethora of tasks (education, house holding). Women are more inclined to be endowed with an altruistic social sentiment (spending personal income the family). In the Human Development Report 2008, the UNDP putted forward that 70% of the population, living with less than 1\$ a day, are women and that more than 75% of women are working in the informal sector. In addition, not only are women poorer than men but they have also an inherent vulnerability (with regard to the invested patriarchal norms of our societies) which maintains them into a situation of impotence and so, in a situation of poorness. Baden (1994) and Milward (1994) noted that “However women are not all the time poorer than men, on the basis of their weaker acquired knowledge, they are generally more vulnerable and, when they are poor, they have less option for escaping it.” By giving to women access to financing means in order to generate income, microfinance institutions can significantly reduce female fragility and thus reduce poverty in general. The second point of the hypothesis expatiates on the household expenditures done by working women. When a woman earns money, she is inclined to spend it for her family. By helping woman to increase her income, the well-being of the whole family will be ameliorated as it was noted by the Special Unity of Microfinance, “women’s success is beneficial to more than one”. For instance, in Bangladesh, microfinance programs had positive effects for non-members. Indeed, 1, 35% of (poor) non-members of microfinance programs registered an increase of their income. The same point was raised by the Women’s Entrepreneurship Development Trust Fund; the additional women’s income is beneficial for their children, in terms of schooling (18% of the income), nutrition, medical services and house goods (55% of the income) and clothes (15% of the income).

The third hypothesis is related to the rational-profit behaviour of financial institutions, which focuses on the effectiveness and durability of women-targeted microfinance programs. Durability is shown through the credit repayment rate of women and their adhesion to microfinance programs; female repayment rates are much higher (74%) than male ones, according to the World Bank (2001). Financial institutions have less loss on irrecoverable credits. So, a closed and auto-maintained economic circuit of informal financial resources is created. There is a positive impact on both, financial institutions’ and on poverty reduction’s durability and income increase. For instance, in Bangladesh, microfinance was responsible for a decrease of 40% of the total poverty rate.

Principal social aspects of development offering three arguments sustaining women’s targeting by microfinance.

The first point focuses on the vicious cycle of poverty and its response, the empowerment for its alleviation. As a lack of economic resources has as corollary a lack of social resources, poverty recovers

multidimensional aspects. So, fighting against it implies giving more pecuniary resources but also giving social and power resources, through empowerment programs. Furthermore, because of a symbolic hierarchy between men-woman, a power structuring occurred, which had as consequence social practices imposing male domination values. Moreover, according to Annas (2003), there are two norms applicable to human life: first, no society is indifferent to everyone's way of life second, no society is indifferent towards what a person is able to do with her life. Sexual gender constrains the available choices for a person. Consequently, traditional societies are applying an effective sexual division of activities and ways of life. Therefore, women are disadvantaged in comparison to men, not only in their access to material resources, but also in their access to social resources. Seemingly, Kabeer (1999) noted: "poor men are as powerless as women for the access to material resources but they remain privileged within the patriarchal familial structure". Then, for reducing these inequalities and allowing women to play a greater role in their society it is compulsory to favour their access to social and human resources, which will reinforce their autonomy. This later point gives a strong argument in favour of woman-targeted microfinance programs. While microfinance programs allow and increase monetary incomes it also increases social capital thanks to empowerment strategies. Concerning empowerment, it corresponds to a process by which vulnerable individuals (characterized by powerlessness) are endowed with power. So, their social status is reinforced and they are able to operate to self and other-regarding actions which allow them to escape poverty. For Mayoux (2004), empowerment is an internal process recovering amelioration of capacities and collective female mobilization, in order to modify the subordinating links between genders. It is therefore strongly related to the social aspect of development and to the need to women-focused programs.

The second point focuses on the areas and signs of the positive effects of microfinance. A first study area concerns the decision's taking. By according credits to women, these are becoming income-generating actors and acquire financial independence. This point is susceptible to modify the choices-parameters (Kadeer, 1998). Thus, it increases their action areas and women are required to proceed to widespread choices. For instance, the Women's Empowerment Program in Nepal (Ashe and Parrott, 2001) showed that 68% of women are taking more and more decisions in the field of familial scheduling, schooling, marriages. The second study area focuses on self-confidence. Self-confidence corresponds to how a person perceives her capacities and how her real level of capacities is. URWEGO (1999) in Rwanda found that 69% of their female clients had more respect towards themselves. In addition, while self-respect is strongly related to knowledge, URWEGO also highlighted that 38% of women had increased notions of enterprise management. Finally, the third study area highlights the impact on the status of women in their communities. By generating economic growth, women benefit of more social legitimacy and thus have increased rights. For instance, in Tanzania, female members of WEDTF, after the creation of a kerosene selling enterprise, have beneficiate of more prestige and thus could emancipate themselves. To conclude, all these three study areas, which encompasses structural changes, are upholding the postulate that increasing the social and human capital leads to an increase of material capital and vice-versa (thus, through each increase, positive externalities are generated, so a virtuous cycle is created) and this generate a decrease of global poverty rate.

Furthermore, the third and last point focuses on the implementation of (intra-female) sustenance web, which hence multiplies the number of targeted persons, by microfinance. The premises consider that woman is a hybrid agent and at the same time is a more altruistic social actor than men. Women are creating social webs and consequently a collective approach of microfinance (and of poverty fight) emerges. Because women have

incumbent domestic tasks, it is more profitable (for fighting poverty) to help them. Indeed, a woman has the responsibility of her family, housework, education, etc... If she wants to exercise a professional activity, she must give some of her domestic tasks to a third. So, most of the women, who reached the development of their own micro-enterprise, have benefited of other women's help. This woman to woman interdependent relationship constitutes a bilateral help support, which is beneficial to both sides. Furthermore, by creating solidarity groups, microfinance constitutes therefore a potential for social capital accumulation. Hence, positive externalities are created and lead to the principle of economy of scale. (Each individual while interacting with others gives and gains knowledge and experience; all these later putted together lead to both, a decrease of individual costs and to an increase of efficiency.) In addition, solidarity groups can also be the basis for inclusionary social systems (insurance, retirement) promoting a decrease of poverty on the long run term.

Potential criticisms towards microfinance - microfinance in a perspective of amelioration, in the frame of a future contextualization.

Firstly, we might raise the question of the rigidity of the microfinance program and therefore assess whether it constitutes too rigid program or whether not. Because microfinance constitutes a structural adjustment program often the conjectural dimension is thus forsaken. Most of the programs do not take into account the countries' social norms. It, would be more helpful, to have distinctive microfinance programs, decomposed in two main types. One of these adapted for countries with a "conjugal" model (high separation of public/private sphere, low social mobility). Another adapted for countries with a "lineage" model (gender distinction in the access to resources, sexed division of roles, minimal female autonomy). Thanks to such contextual attributes, the sometimes occurring "female clandestine" financial practices (illustrated by the hiding of the gained money) will be overthrown. Hence, by integrating gender differences, « the development results are positively influenced and are able to engender deep social and economical changes » (Sebro, 2005).

Secondly, we might ask if microfinance programs are not clustered at an embryonic stage. Indeed, however, women are playing a role in terms of house income, the total amount of their wages and their participation is neglected. According to Eide (1993), women's incomes are too low in order to permit them to be self-reliant. They are still limited in their productivity and disadvantaged. Therefore, microfinance programs have to develop a stronger "coaching-conduciveness" function, in order to overthrow the predominant punctual support of microfinance programs.

Finally, we might stress the preponderance of the economic dimension of microfinance which acts to the detriment of the political implication. Most of the incompleteness of microfinance programs is due to a weak political support. Indeed, in a context in which democracy is unequal and mostly formal, women are facing constant sexual discrimination, which constitutes a restraint on their blossoming. In India, for instance, this political shortage is palliated thanks to the Self-Help-Groups, which offer an opportunity to built real democratic practices. Seemingly, since Mexico's in 1975 and Nairobi's in 1985 summits, some political concretizations appeared under the impetus of the African government's engagement. Henceforth the main aspect which has to be promoted is the political interference in microfinance programs. This latter aspect is well illustrated by

Green's theoretical representation of the State, according to which the State is invested with social responsibilities for its citizens.

Conclusion.

Among the 81,9 millions of the poorer clients deserved by microfinance programs in 2005, 84,2% were women. Microfinance, by stigmatizing women, allows an effective decrease of poverty via its positive effects on development. Notably it allows a holistic development, through the income's increase of the whole family, having repercussions upon the economy and social area at a medium and large scale, as presented in the above corpus.

Nevertheless, in order to gain in effectiveness, microfinance programs must try to integrate a higher propensity towards contextual adaptations and more political aspects and influences. Hough, by integrating the political realm, microfinance programs must try to promote a balance of political forces, "If the state is strong, it crushes us. If it is weak, we perish." Paul Valéry, (1984).

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