Role of Microfinance in Women Empowerment and Alleviating Poverty: An Overview

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Abstract
As women are integral part of society, her status and participation in decision making as well as economic activities is very low. Women's empowerment is set of requirements which will ensure the gender equality in the society with the help of private sector. Microfinance plays very important role in improving women decision making by contributing in economic activities. Currently there is no country in the world which has achieved the gender equality; the overall statistics are 96% gap in health outcomes. 93% gap in educational attainment. 60% gap in economic participation. 20% gap in political empowerment. This study overviewed the role of microfinance institutions in women empowerment and in alleviating poverty.

Keyword: women empowerment, microfinance, poverty

1. Introduction
In 1960s activists from the Black Panther Movement, used the term as empowerment for the political mobilization in US. From there onwards it is used in many other fields too. The women empowerment is a system using which women are able to live with self-reliance, control on resources and independence in making choices. Women empowerment is very much related to gender equality or equity. Women's empowerment is set of requirements which will ensure the gender equality in the society with the help of private sector.

The principles of Women Empowerment were put forward from an international multi-stakeholder consultative process led by the United Nations Development Fund for Women (UNIFEM) and the United Nations Global Compact (UNGC). There are seven principles for women empowerment:

- Men and women should be treated fairly
- Respect and support human rights and nondiscrimination
- Ensure the health, safety and well-being of all women and men workers
- Promote education training and professional development for women
- Implement enterprise development, supply chain and marketing practices that empower women
- Promote equality through community initiatives and advocacy
- Measure and publicly report on progress to achieve gender equality.

Currently there is no country in the world which has achieved the gender equality; the overall statistics are 96% gap in health outcomes. 93% gap in educational attainment. 60% gap in economic participation. 20%

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gap in political empowerment. The four top ranked countries including Iceland, Finland, Norway and Sweden have closed between 80% and 86% of their gender gap. In the survey of 2006-12 there were 111 countries included in which 86% have shown improved status while 12% have shown widening of the gender gap (World Gender Gap Report 2012).

The overall poverty statistics shows that during last 50 years the people who have been lifted out of poverty is more than previous 500 years, but still there are 1.2 billion poor populations live below $1 a day, in which women are 70%. The international Fund for agriculture and Development (IFAD) reports that in the developing world, women own only 2% of the land (UNIFEM and UN Global Compact-2010). Research in 2006 by US Government, there is approximately 80,000 numbers of people who are forced to cross borders annually for better opportunities, in which 80% are women or girls. There are 33 million refugees in the world in which 72% are women and children. And the rate of death of women because of complications during pregnancy and childbirth are very high (UNIFEM and UN Global Compact-2010).

In the last decade the role of women has a higher contribution to the global growth as compared to China. The estimates from The Economist shows that Japan can boost its annual growth by 0.3% if it increase the share of women at work. This shows the significance of women at work if they are provided with basic equality of employment opportunity. According to Goldman Sachs in 2007, many countries and regions of the world could dramatically increase GDP simply by reducing the gap in employment rates between men and women: the Eurozone could increase GDP by 13%; Japan by 16%; the US by 9% (UNIFEM and UN Global Compact-2010).

In South Asia, Sri Lanka, Bangladesh and Maldives performed better as compared to Afghanistan, Pakistan and India in terms of gender inequality. Women have highest labor force participation in Bangladesh and Maldives while it is lowest in Pakistan and Afghanistan. Only Sri Lanka, Maldives and Bhutan show better access to property and finance for women in South Asia. The organizations of Bangladesh like BRAAC and Grameen Bank have promoted the women's access to microfinance. Afghanistan, Pakistan and Nepal have shown disappointing statistics regarding women's access to property and finance. A UNFPA Study for Latin America showed that annual income can increase by 5% if there is no discrimination between men and women.\(^6\)

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Pakistan inherited with poverty since 1947, the 50% of the women population is facing the major burden of poverty. According to United Nations, the rural poor population of women, if focused can bring a change in fortune of Pakistan. Women has about 50% contribution in the food production, she can manage milk and meat animals, sow and reap herbs and reaping of major crops, but this contribution is never noted. Currently Pakistan has started some poverty alleviation programs which are focusing the women on the poor population.

Increasing women participation in the development of the world would means that they are provided with better opportunities, independence in making decisions and access & control over resources. Extending micro-credit to the women, in particular are essential. United Nations has under scored that “The provision of credit, especially micro-credit, has become a very popular and successful strategy for poverty eradication”.

Prime Minister Syed Yusuf Raza Gilani has said that the present government was the custodian of Shaheed Mohtarma Benazir Bhutto’s legacy who always endeavoured to empower the women. The women have made great strides in all walks of life, yet there is still a great deal to be achieved on many fronts. With positive attitudes and right policies, we would be able to ensure intra-sectoral allocation of resources in accordance with the needs and priorities of women. To mark the efforts of women in Pakistan, I am pleased to declare 2011 as the year for women empowerment (‘Pakistan Times' Federal Bureau-2012).

The above figure shows that the rank of gender gap in Pakistan is become worst year by year. In 2006 Pakistan was at 112 ranks and in 2012 found at 134 ranks.

2. Women Empowerment and Microfinance

Promoting the gender equality was also a part of Millennium Development Goals and according to them 40% of non-agricultural wage earning jobs was held by women in the world. But the share of women in legislation through parliament is only 20%. (The Millennium Development Goals Report 2013). Having access to financial services to the poor households through microfinance has a strong impact for achieving the MDG's. According to many microfinance clients, Poor families if provided with finance they can use it to increase in their overall income, store some asses and make themselves stronger against crises.

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Women are safer in terms of returning the finance and more productive in using the credit for the betterment of family and community, that is why microfinance programs are more confident in providing the credit to women. The outcome of Women Empowerment in Nepal showed that 68% of members who were financed used this in trading properties, educating their children and family planning & marriages. The percent of women who were the primary receivers of credit in Philippines has increase from 33 to 51%. A 1300 client and non-client survey showed that the empowerment has increased significantly for the people who were the client of microfinance. (Littlefield, et al. 2003)

According to FAO (1998), 75% of world's poor population (more than 1 million people) is from rural areas, in which 70% are women. Poor people lack help in several aspects like immediate income transfer to survive, employment, and schooling and health care, hence there cannot be a single intervention that can help in eradication of poverty. Providing financial services can increase the access of the poor to many of these aspects. The benefit of micro finance is that the increase in financial sustainability of poor can increase faster than the ability of the limited resource providers. Siyar and Afra (2011) point out that Poverty spreading in village is a global issue. In Pakistan it is harder to uplift women because they lack in the level of literacy. It was 45.2 per cent for females in 2009-10 as compared to men which stood at 69.5 % (The Express Tribune, Feb, 15, 2011). Also the Women’s participation rate is 21% of the labor force while men have 71% participation rate (The Nation, October 22, 2011).

3. Literature Review

Many research studies have shown the potential of the use of microfinance for the development and poverty eradication especially for the case of women; hence the major focus is on them. In this NGOs are playing a significant role to generate women entrepreneurs from the rural areas. This Microfinance is considered as direct form of poverty reduction intervention.

Chengappa (2011) The Self-Help Groups help women network and a form collective power. Self-Help Groups members save money every week and women empowerment through credit takes place. So, Micro finance serves as a powerful tool in rural development. Savings and credit activities bind the group of women together into an organized unit for both poverty-alleviation and empowerment.

Asim (2008) estimate the impact of micro credit program on indicators of women empowerment in urban slums of Lahore district, Pakistan. The most suitable institutions according to author are Kashaf foundation and Community Support Concern (CSC). He used three different estimates; simple parametric framework of conditional mean independence, randomization of treatment and bivariate probit model to explore the link between women empowerment and micro credit participants. The results show that micro credit intervention has no impact on child related health, economic and social mobility decisions. Usually women in treatment group were no more independent than the control group in small household. Participation in micro credit program is found to be insignificant in explaining all the outcome indicators of empowerment for sampled household.

(Gobezie, 2010) examine the empowerment of women in rural Ethiopia in the Amhara region of Ethiopia and neighboring areas. He used two approaches of microfinance which are Group Guarantee Lending Model (GGLM) and Community Managed Loan Funds (CMLF). Also explain how these models play role to the empowerment of women. He concluded that microfinance institutions can significantly increase a woman’s resources by providing access to loans for income-generating activities. Also concluded that GGLM programs are not related to the situation of Ethiopian women which may really push them to go more into debt and CMLFs due to the ability of managed model and provision of additional features appeals the poor clients.

(Khan, et al. 2011) analyze the women empowerment through microfinance in the Gujrat district of Pakistan. They examine the impact of microcredit scheme of Punjab Rural Support Program (PRSP) by regional office of Jalalpur Jattan on women empowerment. Results show that there is a positive impact of the microcredit on women’s empowerment. Also has a positive effect of the awareness of the women and their involvement in the children education, health care utilization, self-identity, literacy levels and in family
budgeting. While this scheme has not made them so independent to make decision about their future but it helped them to estimate their position in the household.

(Idrees, et al. 2012) analyze the role of micro credit in women empowerment in the rural areas of Pakistan. They collect data from Shaqat NGO in Mandi bhaudin. They used data of 54 respondents (females) out of 446. Data contain 17(31.5%) respondents belong to the age group of 26-30, 18(33.3%) respondents belong to the age group of 36-40 and 13(24.1%) respondents belong to the age group of 31-35. The result indicates that there is positive and significant association between micro crediting and Income Generating Activities. Micro crediting through NGOs also promote women empowerment in the rural areas of Pakistan.

(Sarumathi and Mohan, 2011) examine the role of microfinance in women’s empowerment in rural areas of Pondicherry region. They collect data from one NGO and six Self-Help Groups. Areas covered under the study are Suthukeni, Lingareddipalayam, Thirukanur, Solainagar, Kakilapatu and Chettipet. They used 181 samples and use Simple correlation coefficient, paired t test, cross tabulation and percentage analysis to analyze and interpret the data. They concluded that after joining SHG and getting microfinance women are economically and socially empowered and 92% reported that the level of poverty has been reduced by participating in microfinance program and there is a significance progress in the income of the participants after joining SHG.

(Ali and Akhtar, 2012) examine the empowerment and political mobilization of women in Pakistan and discuss the important points to know the pattern of cultural context. They concluded that there has been a significant change as number of women has appeared into politics at the local level.

(Noreen, 2011) examine the role of microfinance in empowerment of female population of Bahawalpur district. For data purpose she used NRSP (National Rural Support Program) and Khushhali Bank randomly from the five microfinance institutions working in Bahawalpur city. She used multivariate models technique for analysis. Results show that by increasing their income generating activities by providing loans the empowerment status of rural women in Bahawalpur City can be significantly improved and age effects positively and more significantly. On women home decision making but on those females who use their loans themselves microfinance loans have positive effects.

(Sangeetha, 2013) explained the microfinance and women empowerment, their issues and challenges. She explained the challenges faced by women entrepreneurs which are male dominated society, problem of finance arrangement, scarcity of raw material required for productive capacities, market oriented risk, stiff competition with men and established self-sufficient entrepreneurs, mobility constraints, overlapping of responsibility of business and family, lack of education and technology, less risk and uncertainty bearing attitude, lack of self-confidence, lack of managerial skills, society, lack of proper support in family and relation, motivational factors, lack of confidence and training programs.

(Mahmud, et al. 2012) analyzed the measurement of women empowerment in Bangladesh. They collect data from 3500 women in 128 villages of Bangladesh and use linear regression model. They used Self-esteem, Role of decision-making, Freedom of mobility, Control of resources and covariates as the independent variables. Results show that there 43% women experience empowerment in self-esteem in one dimension and 29% experience self-esteem in other dimension. 23% experience empowerment in control over resources. Only 5% of women experience empowerment in freedom of mobility.

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