Women Access to Income Generating Microfinance for Women

A thesis submitted in Fulfillment of the Requirements for the Degree of Ph.D. Development

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August 2014
Dedication

I would like to dedicate this research to my family,

To the soul of my father and my mother

To the soul of my brother Hamed Osman

To the soul of my Darling Sister Mona

To my Daughters Esraa, Alaa

To my sons Yusuf, Ahmed.

my teachers,

my friends,

and every one supported me.
Aknowldgment

Before all praise is to allah. Who give me the power to finish this study.

Thanks for savings and social Development Bank (SSDP) and Alamalinistitution in Khartoum State, for there support and information.

I would like to express special sincere gratitude special thanks are due to mu supervisor Dr. HashimElebaid for his patient guidance through this course of study so my thanks and good wishes for him.

Indebted to Mr. Abu Bakr. The development center manger for his extending help.

I would like to thank Dr. Gamal in Dubi Center and Dr. Mohammed Ibrahim too.

Thanks to my colleages in Co-operation sanitation, ManahilEljak, Eimtithal Omer and MulhimaHamedand engineerSaifeldeen for theirunlimit support. Also thanks to al collegues in development center. Samira ,Eltahir, Hussain, Awadia,Isam in library.
Abstract

Research title: **Women Access to Income Generating Microfinance for women**

Student name: **Mahasin Yusuf Hamed Abdelrahman**

The objective of this research is to investigate and study the problems facing women in accessing microcredit to improve their standard of living. The research is also aiming to assess the economic and social impacts of microcredit on women.

To attain its objectives the research adopted descriptive approach based on primary and secondary information. The secondary information is based on the available secondary materials about the issue, it was mainly collected from the university specialized libraries, moreover the researcher was able to access some microfinance institutions and banks files and reports for the purpose of the research, this in addition to some electronic books and a scientific journal. The primary data were collected through simple random sample, in addition to formal and informal interviews and focus group discussion. The sample size amounted to 312 women from Omdurman, Khartoum and Khartoum Bahri.

The study results showed that there is direct relation between women finance and improvement of their standard of living. The study also showed that the formal and informal micro fund is not adequate to meet the increasing demand for micro loan among women. Moreover, the cost of microfinance is very high while the grace period is very short, and similarly the payback period, which is usually not exceeding one year. Most the interviewed women preferred resort to informal microfinance institutions because of their good facilities and conditions. Also, they explained that micro finance has effectively influenced their standard of living. The study concluded that the current credit limit for microfinance is not adequate to meet the increasing demand for microloans.

In light of the above findings, the study recommends that, microfinance policy should tend to reduce the cost of finance, increase the grace and payback periods and facilitate access to microfinance institutions and loans. Government and microfinance institutions should work together to remove any obstacles or difficulties that may face women to access microcredit from both formal and informal institutions.
عنوان البحث: حصول المرأة على التمويل الأصغر المولد للدخل

اسم الطالبة: محسن يوسف حمد عبدالرحمن

يدفع هذا البحث إلى تقصى ودراسة المشكلات التي تواجه المرأة في الحصول على التمويل الأصغر، وتوظيفها بشكل جيد لتحسين مستوى المعيشة، كما يدفع البحث إلى تقييم أثر التمويل الأصغر على أحوال النساء الاقتصادية والاجتماعية، وتحقيق هذا الهدف استخدم البحث المنهج الوصفي مستنداً على معلومات أولية ومعمومات ثانوية، اعتمدت البحث على المواد الثانوية المتغيرة عن هذا الموضوع، وقد تم جمعها بصورة خاصة من مكتبات الجامعة المتخصصة، إضافة إلى ملفات وتأشير بعض مؤسسات التمويل الأصغر والبنوك وبعض الكتب والمجلات العلمية الإلكترونية. جمعت المادة الأولية عن طريق العينة العشوائية البسيطة، إضافة إلى المقابلات الرسمية وغير الرسمية والنقاش الجماعي. وبلغ حجم العينة 312 مبحوث من أم درمان والخرطوم والخرطوم بحري.

أظهرت نتائج الدراسة أن هناك علاقة مباشرة بين تمويل النساء والتحسن في أوضاعهن المعيشية، أن سقف التمويل الأصغر، سواء الرسمي أو غير الرسمي، غير كافٍ لتحقيق عوائد مجانية. إضافة إلى ذلك، فإن تكلفة التمويل مرتفعة جداً، وإن فترة السداد قصيرة لا تتجاوز العام.

وجدت الدراسة أن غالبية المبحوثات يفضلن التمويل من المؤسسات غير الرسمية وذلك لسهولة الحصول عليه وشروطه البسيطة، كما أن غالبيتهم أوضح أن التمويل الأصغر له أثر الإيجابي في تحسين أوضاعهن المعيشية. لقد توصلت الدراسة إلى أن التمويل المتاح حاليًا للإسقاف في التمويل الأصغر لا يكفي لمقابلة الطلب المتزايد على التمويل الأصغر.

على ضوء النتائج أعلاه توصي الدارسة بأن تعمل سياسة التمويل الأصغر على خفض تكلفة التمويل وزيادة فترة السماح واسترجاع التمويل وتسهيل الوصول إلى مؤسسات التمويل للحصول على الفروض. على الحكومة والمؤسسات أن تعملاً معًا لإزالة القيود والمشكلات التي تواجه النساء في الحصول على التمويل الأصغر من مؤسسات القطاع الرسمي وغير الرسمي.
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AMAS: Asca Management of Agency.
ASCA: Accumulating Saving Credit Association.
ATM: Automatic Teller Machine in Factories.
ASSip: agricultural service investment project.
BKD: BadanKerdit (rural credit association)
BARAK: Bangladish Rural Advance Committee
CBRDP: Community Based Rural Development Programme
CCFL: Center for Formal Literacy.
CU: Credit Union.
CGAP: Consultative group to assist the poor
CIDA: Canadian international development Agency
CSD: Centre for Self-help development (Nepal)
CETZA: Cristian Enterprise Trust of (Zambia)
DFID: Department for international development UK
DFID: Department for International Development.
Fin SSP: financial sector strategic plan
FDI: For gin Direct Investment.
FGOs: Financial non Government Organization.
FINSSP: Financial Section Strategic Plan (Ghana).
ISA: Insurance supervisory authority.

ICCO: International COCO Organization.

ILO: International Labour Organization

KSM: KelopokSwadya mas (Informal Social Organization).

MDG: Millennial Development Goal.

MFNE: Ministry of finance and national economy.

NBC: National Bank of Commerce


NABARD: national bank for agriculture and rural development.

PASED: Port Sudan Association for Small Enterprise Development.

PVO: Private and voluntary organization

PDA: Personal Digital Assistants.

RFSP: Rural financial service project.

RCB: Rural Community Bank.

ROSCA: Rotating Saving and credit Association.

RFSP: Rural Financial Services Project.

REP: Rural Enterprising Project.

RCB: Rural Community Bank.

SIF: Social Investment Fund.

SSACO: Saving and credit cooperation in Kenya.
SIDP: Social Institution Development Program. PAKISTAN
SAT: Sinapi ABA Trust.
SIDP: Social Institution Development Program.
SHG: Self Help Group.
SSB: Shava supervisory board.
SSDB: Saving and social developing bank.
SUM: Special unit for microfinance
SHG: Self help group
SEWA: Self-Employed women Association (India)
SEDP: Sall Enterprises Development Programme (Bangladesh)
SHGs: Self Help Group.
UNIFEM: United Nation Fund Development For Woman.
UNDP: United Nation Development Programme.
UNCDF: United Nation Capital Development Fund
UNFPA: United nation Population Fund
USAID: United state Agency for international development
WEDTF: Women's Entrepreneurship
WOCCU: World council for credit unions
WWF: Working women's forum (India)
WSSD: World Summit for Social Development.
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Chapter One

1-1 The Introduction of the Study:

Sudan has turned around a struggling economy. In 1999, Sudan began exporting crude oil and in the last quarter of 1999 recorded its first trade surplus which, along with monetary policy, has stabilized the exchange rate. Increased oil production, revived light industry, and expanded export. The distinguished site of Khartoum State, in the centre of Sudan makes it the biggest urban centre in the country. Its population is 6,000,000 according to the latest statistics of 2009 and the normal rate of growth. This high density of population is due to successive migration patterns from different parts of the country, because of war and draught. From this dimension and due to this influx of population Khartoum State is a doubtless war-affected area. sound economic policies and infrastructure investments, but it still faces formidable economic problems, staring form its low level of per capita output Sudan has been implementing IMF macroeconomic To meet the burden of this concentration of population and the needs of busy industrial and commercial, the state is implementing continuous programs to provide essential services to its inhabitants. The effort done in this field during this previous Four years since 2004, culminated in solving considerable chronic problems. Striking example of these efforts in the field of education alone has been the construction of hundreds of schools and thousands of new classes. The population of Khartoum is multi-religions, multi-ethnic and multicultural. This diversity necessitated the attention of molding the social fabric into a unified social structure to enrich the cultural diversity through various programs and projects. The current century has not only inherited the problem of poverty, illiteracy spread of HIV/AIDS and great polaraiizator between the rich and poor, but has also continued to witness the marginalization of gender mainstreaming in policies and gender gaps. How far, this research, can address some of
these challenges, and the forces to achieve the millennium development goals in an issue to scientific research. To achieve the millennium goal which concern with achieving gender equality and closing gender gaps and achieving values of justice and respect to fundamental rights and freedom. Microfinance is currently being promoted as solution for both poverty reduction and women's income improvement. By increasing women income it leads to greater level of economic independence and women participation in decisions in the household and in the society and the community. Also microfinance is considered as a corrective to the previous neglecting on the role of women as producer and an important person in community. Microfinance is regarded as solution for the world to reduce poverty which affecting almost half of the population. Where, the statistics have proven that half of the world population lives on only $2 a day or less than that which undoubtedly cannot meet the obligation of health education, and food. Micro-credit schemes have produced great solution to increase the income of these families and build their capacity. Microfinance and micro credit is not the answer to all problem of poverty in developing countries, But it is indeed and inducer to a great many actions that can lead to a better quality of life for the low-income groups, the participation of women is house hold and the production of women lately is regarded as important component in national economy, This fact has always been misconceived by economist in Sudan which focuses in men as producer the role of women in production, The role of women income is permanently underestimated and related information on this sector is very scarce no sufficient information about the participation of women in economy. The government policy neglects the women sector largely in spite of its importance and the great contribution of this sector in the local market this situation need a reform in terms of wide access to microfinance.
The case study concern the women sector in Khartoum state and comparing the access and the impact of microfinance in women sector and the effectiveness and the role of the finance institution and non financial insinuations to mitigate the poverty impact.

1-2 The Research Problem:
Women in informal sector are suffering of poverty. The microfinance and the credit for this sector and the limited access to credit which face the women section in Khartoum motivated this study to address and solve the following answers:

1) What types of microfinance? Which of these types more accessible to the women in informal sector?

2) What forms of microfinance is more effective and has great impact in changing the standard of living? Which type of finance more accessible?

3) Given all types of microfinance available has the problem of financing resolved?

4) What constraints face the accessibility to credit and microfinance?

5) What the constraints behind the problem of repayment.

6) What the negative and positive impact on financing women.

7) How the problem of the duration of loans and the high interest rate function to enhance the problem of default?

1-3 The Importance of the Study:
This study will address a wider range of socioeconomic problems within a geographical area with purpose of improving women position and to accelerate access of women finance and correcting the situation of neglecting of women, and to enhance the women contribution in
household and community. The problem of financing is usually multisectoral; it requires the collective support and resources of various agencies (government, NGOs, Nongovernmental initiations) which affect the system positively on purpose of improving the women situation and increasing the women production, income, and participation in community.

1-4 the Objectives of the Study:

The objective of this research is to investigate and study the problems facing women in accessing microcredit to improve their standard of living. The research is also aiming to assess the economic and social impacts of microcredit on women

Firstly: The study of exiting system of microfinance in the women sector and the role of financial institution.

Secondly: To obtain data base of the financing of women and the impact of financing on women situation.

Thirdly: Understanding the system of microfinance and the constraints, which face this sector, and the forces that control the access to credit?

Fourthly: Specify the problems of financing, saving, raising income and the problem of transforming these women into self reliance after benefit of microfinance.

Fifthly: To encourage decision maker and government to formation of special credit institution to help women sector and lead financial adjustment and market restructuring.

Sixthly: To study the impact of financing in improving the women income and strengthen the ability to save and transformation in self reliance.

1-5 The Hypothesis:

The research hypothesized that financing women would have positive impacts on their income, and hence considerable impact on poverty reduction. So removal of microfinance constrains would have positive effect on women economic situation. The research also assumed that the
informal microfinance institutions are more flexible than formal institution in facilitating access to microcredit.

1) There is direct relation between financing women sector and the income improvement of women and rising of income of women family.

2) Comparing the microfinance in financial insitution and non financial institution NGOs we find the non financial institutions is more accessible

3) Access to credit and microfinance have considerable impact on poverty reduction: the solution of access to credit and microfinance motivate the formation of specific institutions and organize to take care of women and accelerate their access to credit and the formation of cooperative societies, which will empower women and improve the situation of neglecting.

4) Solving the problem of access to finance will be effective mechanism for achieving positive changes in household and increase in women income which make the women independent person and participate in household and community, which make great socioeconomic changes in women and society.

5) The impact of financing enhances women ability to form a surplus to repay and transform to self reliance and increase income.

1-6 Methodology:

the research adopted descriptive approach based on primary and secondary information. The study is based on the available materials about the issue under study collected mainly from the university specialized libraries, some microfinance institutions, banks files and reports, and some electronic books and journals. The primary data were collected through simple random sample; additional data include formal and informal interviews and focus group discussion. The sample size
amounted to 312 women from Omdurman, Khartoum and Khartoum Bahri
Both primary and secondary sources of data are which solicited for the study.
The data for the later type is scarce from banks institutions and local authority which were consulted have little information about what happen in women access to microfinance.
The primary data was collected from women experience the microfinance in financed institutions, (bank) and women experience the microfinance in non financed intuitions, organizations and informal interventions of respondent and people of decision makes to generate qualitative data covered women who are active in economic, banks officials, NGOs who work in banking institutions Accord what make the study specialized in the concentration on women sector.
In the literature review women sector of this research theoretical and conceptual issues are reviewed to provide an analytical framework for the research. And the experience of world and especially of Asia likes Grammeen Bank and Rakyat Bank Indonesia.

1-7 the Range of the Study:
The case study of the research covers microfinance of women in Khartoum State the financial institution the experience of social development banks (SSDB) and the family bank. And the experience of non financed institution like organizations and the experience of NGOs, like ACORP, and to compare the accessibility and the impact of loan in women income in terms of improving the income and improvement of formation of money and ability to save.

1-8 the Research Layout:
The study is divided into six chapters.
The first chapter concern with basic research element, the problem, objectives, and the importance of the study, methodology, organization
and limitations of the research literature review forms the conclusion of chapter.

The previous studies in this context, principles of the study, why it is important to study women financing, the experiences of other countries in microfinance and poverty problems generally will be covered in chapter two.

The third chapter focuses on the study of the existing situation of microfinance intuition. And the comparative study of the micro finance the comparative study of the impact of the real performance of the two types of institution on women finance in term of accessibility, repayment and the income improvement constitute chapter four.

Chapter five is deals with the analysis and interpretation, of the field summary which cover all aspects with precise and coherent criticism, the constraint, and the government intervention.

Chapter six will concern of the conclusion and recommendation of the researcher.

1-9 Limitations:

Problems will face during the study are many, mainly the scantily availability of statistical data records on the subject reflect lack of interest on the sector studying.

Firstly: The interviews and questionnaire were originally, organize in English which had to be translated into Arabic for the coherence of research assistants and respondent who speak fluent Arabic, after interviews all Reponses to the question were carefully translated back into English, so more case will taken to avoid misinterpretation in either care but not to say this was absolute. This will consume more time and resources another problem all reference, found were in Arabic so translation often will needed institutions bank workers regard information as secret confidential in bank policies.
Secondly: The problem of obtaining money to cover tuition fees, editing and field survey expensive.
CHAPTER -1
Section 2

1-2 Literature Review

The surest way to increase popular use of formal banking services is to raise incomes. Short of that ambitious goal, some small, practical steps can bring the benefits of banking to more people. Making it easier to open an account is a good example. In many countries opening an individual bank account is neither simple nor cheap. More stringent know-your-customer requirements that have taken effect in recent years have contributed to this situation, suggesting trade-offs between the need for regulatory precautions and the desirability of expanding popular access to banking services. The typical bank in Côte d’Ivoire or Nicaragua, for example, demands five documents to establish an applicant’s identity, income, and residence. In Gabon, banks require a government-issued identity document to open an account. In Lesotho, identification cards do not exist, which makes it difficult for poor people lacking other forms of identification to enter the banking system. Proof of address is a standard requirement to open a bank account in many countries. Yet, many poor people live in informal dwellings with no postal address. Some banks in Lesotho that target lower income groups reported a sharp drop in new account openings following the implementation of new regulations that called for three documents, including proof of income, to open an account. Some banks charge fees to open an account. In Burundi, for example, these fees are as much as 3 percent of annual per capita income. Many banks also impose other types of fees, such as charges for checkbooks and ATM cards. Accounts are not always opened on the spot. It can take up to 3 days in Gabon, Mexico and South Africa, for example, to open an account. Across countries, the greater the bureaucratic hurdles faced in opening an account, the lower the number of bank accounts. Businesses are also hurt by complexity in banking. Entrepreneurs want to
be able to access credit quickly and easily without complicated application procedures. Where loan application procedures are difficult, bank credit to the private sector tends to be lower. The more complex the procedure, the less likely it is that entrepreneurs will access bank credit for working capital (a team led by Anjali Kumar under the direction of Simeon Djankov). Time deposits account for up to 7 percent of total accounts. In just four countries—Bangladesh, India, Thailand, and Malaysia—they account for between 10 and 15 percent of the total number of accounts. But in terms of value, time deposits account for more than a quarter of total accounts. In seven countries, they account for more than half the total value of all deposit accounts. Since poor people are unable to put aside money for long periods, it is the rich who make extensive use of this type of banking. Poor people prefer to save outside the home to avoid the temptation to spend and diversion of Rinds by other family members for less urgent needs. Many women report, for example, coming home to find that their husbands have spent their hard-earned savings on alcohol (Rutherford 2000). Income earners also face great pressure to provide financial support to their extended families. Most banks will not lend the poor because they have few assets to serve as collateral. Some of the sampled banks, such as those in Gabon and Mozambique, said that they had liquidity but lacked entrepreneurs to whom they could offer credit. Banks find it expensive to screen and monitor small borrowers, who often must resort to a combination of formal and informal markets to meet their needs. In many countries, they turn to microfinance institutions. One estimate of small enterprises in India puts the proportion of informal borrowing by small enterprises at two-thirds of the total credit used by this segment (Jain 1999). When banks do lend to small borrowers it is often through special programs that incorporate microcredit programs as a way of reducing risk. Take the example of ICICI in India (Nair and von Pischke 2007). ICICI set up a
large-scale program of partnership with so-called self-help groups that practice group lending (Chakra borty and Duflo 2006). By merging with a smaller bank that already had a network of 1,200 self-help groups, ICICI was able to expand to 12,000 such partnerships within three years. ICICI then began to experiment with partnerships with microfinance institutions. Micro financiers were willing to take on the risk of clients’ financial performance. They would form groups, disburse and collect cash, and keep records. ICICI would lend to the micro financier on the basis of its balance sheet and portfolio performance. Other commercial banks with large-scale microfinance programs have used the model of partnership with microfinance groups or service companies. Banco ABN AMRO in Brazil has partnered with ACCION, a well-known microfinance group. Their operating subsidiary, Real Microcredit, in which ABN AMRO has a 97 percent stake and ACCION has invested 3 percent, provides microfinance know-how. Banco de Pinchyna, the largest bank in Ecuador, used a similar model to start Credife in 1999, and Sogebank, the largest bank in Haiti, began Sogesol both in partnership with ACCION. The Unit Desas of the Banka Rakayat Indonesia and CrediAmigo of Banco Nordeste of Brazil are other examples in which a microfinance operation has become a profit center for the bank (Nair and von Pischke 2007). Grameen Bank of Bangladesh and BancoSol of Bolivia provide evidence that micro financiers can grow into commercial banks. Another model that has been used with some success is that of Wells Fargo, whose business of lending to small and micro businesses relies heavily on credit-scoring models. The model can operate only in an environment rich in credit information, to compensate for the risks associated with less-known borrowers (a team led by Anjabt Kumar under the direction of Simeon Djankov). Banks could serve poor people by channeling government transfers. Rich and poor countries alike have programs of government support for poor families.
These usually take the form of cash transfers, conditional upon looking for a job, keeping children in school, feeding children nutritional supplements, or another social target. Many poor people in low-income countries are entrepreneurs. In Indonesia, Nicaragua, and Pakistan, about half of the urban poor run their own business, but they are usually not specialized. In fact, poor households tend to have multiple occupations. Consider the typical case of a poor slum inhabitant from Guntur, a town in India. In the morning, she sells dosas and pancakes made of rice, or beans on the roadside. In the afternoons, she makes and sells saris, traditional attire for Indian women. Almost half of the poor urban households in Côte d’Ivoire and Indonesia derive their income from more than one source. Likewise, the rural poor do more than just work on their own land; they often work as nonagricultural labor. For instance, in Pakistan, 51 percent of very poor rural households earn some income from supplying labor to nonagricultural firms, and 35 percent run a nonagricultural business. So the poor are enterprising, but their businesses operate on a small scale. Most use family members as labor and paid staff are rare. Only one in ten businesses run by the urban poor in Côte d’Ivoire employs a paid staff member. These businesses also lack tangible assets. In Pakistan, only 4 percent of such businesses had a motor vehicle, and none had any machinery the overall picture is one of penniless entrepreneurs-small in scale, unskilled, and with little capital. The enterprising poor are hobbled by a lack of credit Banks will not lend to them because they have few assets’ to post as collateral and because banks find it expensive to screen and monitor small-scale borrowers. In response to the dearth of credit, microcredit programs have taken off in developing countries over the past decade. Grameen Bank in Bangladesh and Bank Rakyat in Indonesia are leading examples. As of December 2005, 3,133 such institutions were reported to be lending to more than 110 million people (Daley-Harris 2006). Microcredit has made a
difference to the lives of many beneficiaries, especially women. A study from Bangladesh finds that annual household consumption increases by 18 percent of the amount borrowed by women (Pitt and Khandker 1998). Microcredit helps the poor smooth consumption and build assets. However, it plays only a modest role in creating new jobs. Often the loans are used for household consumption and not invested in household businesses. In Indonesia, for instance, low-income households use microcredit for consumption purposes about 30 percent of the time. Even households with enterprises use loans for consumption purposes such as school fees, medical needs, and social and holiday spending (Johnston and Murdoch 2007). Also, the beneficiaries of microcredit programs are not the poorest of the poor. In northeast Thailand, microfinance schemes run by nongovernmental organizations that explicitly target the very poor tend to operate in the wealthier villages. Even within a given village, the schemes lend more to wealthier households (Coleman 2006). Similarly in Indonesia, Bank Rakyat borrowers have incomes that are 40 percent higher than those of no borrowing households in the target group (Hulme and Mosley 1996).

Entrepreneurs, particularly small entrepreneurs, want to access credit quickly, without lengthy application procedures. But do they succeed in doing so in our sample countries? To answer that question, we constructed an index that captures four dimensions of complexity: Whether the borrower is required to have an account with the bank, whether a letter of reference is required, whether the borrower needs to provide proof of employment, and whether there is a fee to process the application. The index ranges from 0 to 1, and the average score in our sample of countries is 0.74. BASIX is an Indian MH, based in Andhra Pradesh, with operations in more than 10,000 villages and about 200,000 customers. In 2003, in collaboration with the ICICI Lombard General Insurance Company, BASIX designed a rainfall-indexed insurance product. The pilot pursued a business model in which the
insurance company, along with a reinsurance arrangement, takes on all the risk. BASIX simply acts an intermediary that receives commissions by selling the product to its customers, BASIX and the insurance company both incur administrative expenses from the operation (Aurora Ferrari. Oct 2007). Three Ugandan microfinance institutions-Uganda Microfinance Union, FINCA UGANDA, and FOCCAS Uganda-have introduced a remote transaction system to provide more convenient services to their clients, reduce costs for their clients and themselves, and strengthen their management information systems. The remote transaction system hardware consists of a battery-powered point of sale device with an interface, smart card reader, numeric keypad, and printer. Using cell phone infrastructure, the system can convey data to a transaction server connected to each microfinance institution’s back office. Staff members then use a Web-based server to view transaction histories and manage client accounts. The three institutions take different approaches in using the remote transaction system to reach clients. FOCCAS’s loan officers take the point of sale terminal to group meetings, where they conduct loan payments, savings, and other financial transactions related to the group fund. FINCA UGANDA piloted the system in one of its sub-branches. FINCA tellers travel to collect money from group leaders at the sub-branch twice a week and use the terminal to capture group information electronically. The cash is then deposited in the nearest commercial bank. Finally, the Uganda Microfinance Union has third-party agents (local merchants) using the system to provide financial services to its clients. As cash transactions are carried out between clients and agents, electronic cash transactions are executed at the institution. Client and agent accounts are then debited or credited as applicable. At the end of each day, all the transactions on the point of sale terminal are uploaded on the remote transaction system (Hewlett-packart 2005). For BKB and RAKUB’s role of insurers of last resort. It would
also provide needed technical, operational, and financial discipline in the financing of natural disasters. The fund should comply with basic insurance principles, including disbursement rules that allow farmers affected by natural disasters to get immediate payouts. The payments would be triggered by an objective and transparent index (for example, using remote sensing technology), and farmers could use them to repay loans (Aurora Ferrari. Oct 2007).

BRAC Bank is possibly the only bank in Bangladesh that focuses on MSMEs. BRAC Bank was founded in 2001 by BRAC (a nongovernmental organization), the International Finance Corporation, and Shore cap. By 2006 it had 200,000 deposit accounts and 45,000 loan accounts. The average loan was 28,000 taka, while portfolio at risk above 30 days was 6 percent. The bank has 22 branches, 350 unit offices, and 19 automated teller machines (AIMs) across the country. The unit offices only market loans, which are approved at the bank’s branches or headquarters. BRAC Bank has developed six products for micro, small, and medium-size enterprises. Most loans are secured with movable assets and, for sole proprietors, with postdated checks from borrowers. Since defaulting on a check is a criminal offense, borrowers have a strong incentive to repay loans secured that way. Although possibly the best approach in the current environment, for several reasons this is an imperfect way to secure loans, First, defaulting borrowers may face criminal offenses-and sending debtors to prison is an archaic, objectionable way of enforcing loan contracts. Second, the amount of the checks used to secure loans cannot be large if they are to be credible for small borrowers. So, while this practice may work for small loans, it will not be enough to ensure that loan sizes are scaled up as enterprises grow. Finally, using postdated checks means that loans are still provisioned as unsecured loans, resulting in higher provisioning requirements (Aurora Ferrari. Oct 2007). Although MFIs have started expanding access to the
missing middle, their outreach remains limited. To scale up lending to MSMEs and MSMFs, these institutions must address a number of challenges. These market segments require new and bigger loan products, mainly targeted at male borrowers, who want to borrow individually. In addition, such clients often have more complex finances—requiring rigorous financial analysis. All this increases lending costs, making the segment more expensive to serve than traditional microfinance borrowers. Given the larger loans and increased risks involved, MFIs must introduce basic management information systems. Finally, MSMFs are exposed to weather risks and require financing simultaneously, making loans from Mils more seasonal (Aurora Ferrari. Oct 2007).

Most MFJs lend mainly to women, because they are more amenable than men to joining loan groups and attending meetings, accepting responsibility for repaying loans of defaulting group members, and meeting other responsibilities of group membership. The opportunity to leave home and interact with others in weekly or monthly meetings offers a socially accepted reason to leave the confines of the home and helps women build confidence to engage in business activities. In addition, women may be more susceptible than men to pressure from loan officers and other group members to make loan payments on time. By contrast crop farming and large-scale trading and production activities are dominated by men. As a result, when lending for such activities, MFIs must decide whether to continue to target women (while knowing that men will be the ones who actually use the loan funds) or, alternatively, adjust their lending approaches to lend directly to the men who operate many farms and MSMEs (box 3.3) (Aurora Ferrari. Oct 2007). Loans to MSMEs, whether to graduates of standard microfinance programs or entirely new clients, will by definition him larger on average than traditional microfinance loans. Making larger loans raises the risk of larger losses for MFIs in cases of default. To manage such a portfolio effectively, introducing even
a basic management information system, including careful client monitoring, is essential. The strong profitability of Bangladesh’s microfinance is based on their low costs-reflecting, among other things, their low cost of funds, good portfolio quality, and group lending methodology. In particular group lending has allowed MFIs to generate a high number of borrowers per staff and so low costs per borrower. But serving MSMEs rising individual lending requirements, more complex financial analysis, and better trained staff will be more expensive, and these costs may be only partly offset by larger loan sizes. To keep staff productivity high and costs low, increasing the use of technology may be essential (Aurora Ferrari. Oct 2007). Despite extensive efforts by Bangladesh’s government, access to finance in rural areas remains limited-especially for MSMEs and MSMFs. BKB and RAKUB, which are supposed to be the primary providers of financial services in rural areas, are deeply insolvent, Bangladesh Rank’s refinance facility, designed to facilitate agricultural lending, has instead become the main source of funding for BKB and RAKUB’s growing operating losses, and agricultural lending is falling as a share of total lending. This situation has severely compromised the two banks capacity to serve the missing middle (Aurora Ferrari. Oct 2007). Despite the widespread use of bank services, during 2003-06 only 32 percent of MSMEs borrowed from banks (table 2.1). During the same period 16 percent borrowed from MFIs and 8 percent from informal sources (mainly family and friends)-while 44 percent did not borrow at all. Small enterprises borrowed significantly more from banks than did microenterprises. Getting a loan from formal sources, especially banks, is a long process once all the required documents have been submitted; it takes an average of 40 days to get a loan from a bank and 28 days from a MFI. Banks also require considerable collateral. This requirement partly reflects the difficulties that banks face in repossessing collateral and the fact that borrowers
rarely consider discounted asset values. In addition, banks almost exclusively require immovable assets as collateral, while MSMEs have mainly movable assets. When asked their top reason for not applying for credit, 40 percent of these enterprises cited the high costs; direct and indirect (table 2.6). Direct costs include both interest rates and other transaction costs (such as for required documents, including financial statements, titles, and the like). Indirect costs include the long wait to get the money (which translates into missed business opportunities) and an intensive application. Process requiring many meetings between borrowers and banks (again translating into missed opportunities, because of the time spent away from the business). Focus group discussions with MSMEs have found that direct costs equal 6-8 percent of loan values.

The market size for loans to MSMEs are estimated to be nearly 400 billion taka, with me million potential clients (box 2.1). Access only to formal credit (from banks or MFIs), access only to informal sources, and access to both formal and informal sources (table 2.7). Larger farmers are less exclusively dependent on in formal sources (15 percent of large farmers compared with 2t percent of the landless) and have better access to credit (Just 17 percent of large farmers have no access to credit, compared with 33 percent of the landless). Except for the landless, access to formal credit is almost evenly distributed. Finally, access to both formal and informal credit sources, though common for most types of farmers, is more common among large farmers (Aurora Ferrari. Oct 2007). The role of foreign banks in improving access has always been controversial, partly for political reasons. The growing market share of foreign-owned banks in developing and transition economies has resulted from a number of forces, including the privatization of long-established state-owned banks and the sale of distressed banks in the aftermath of banking crises (often after being financially restructured at the expense of the host country government). Foreign owners bring capital, technology, know-
how, and independence from the local business and political elites, but debate continues over whether they have improved access. Most foreign banks are relatively large and do not concentrate on SME lending, sticking mostly to the banking needs of large firms and high-net-worth individuals. However, the increased competition for large customers can drive local banks to focus more on providing profitable services to segments they had once neglected. The balance of a large body of evidence suggests that a country that allows foreign banks to operate within its borders is likely, over time, to improve financial access for SMEs, even if the foreign banks confine their lending to large firms and government. In contrast, the performance of state-owned banks in this dimension has tended to be poor. Nonbank finance remains much less important than bank finance in most developing countries, but it can play an important role in improving the price and availability of longer-term finance to smaller borrowers. Bond finance, for example, can provide a useful alternative to bank finance. The emergence of a large market in external equity requires strong investor rights; where these are present; opening to foreign capital inflows can greatly improve access and lower the cost of capital, with spillover effects for smaller firms. This is true for portfolio equity investments, foreign direct investment (FDI), and private equity, all of which are likely to become increasingly important in the future. Increasing (Aurora Ferrari. Oct 2007) loan sizes as customers demonstrate their ability to borrow and repay reduces default rates. The effectiveness of these innovations in different settings is still being debated, but over the past few decades, microfinance institutions have managed to reach millions of clients and have achieved impressive Repayment rates. Even though subsidies are often involved, researchers are reconsidering whether it might be possible to make profits while providing financial services to some of the world’s poorest. Indeed, mainstream banks have begun to adopt some of the techniques used by
the microfinance institutions and to enter some of the same markets. For many, however, the most exciting promise of microfinance is that it could reduce poverty without requiring continuous subsidies. Has microfinance been able to meet its promise? While many heartening case studies are cited—from contexts as diverse as the slums of Dhaka to villages of Thailand to rural Peru—it is still unclear how big an impact microfinance has had on poverty overall. Methodological difficulties in evaluating impact, such as selection bias, make it difficult to reach any solid conclusion. So far, the evidence from microeconomic studies, taken together, does not unambiguously show a reduction in poverty. Additional research—ideally using more field experiments—is needed to convince the skeptics. One of the most controversial questions about microfinance is the extent of subsidy required to provide access. Although group lending and other techniques are employed to overcome the obstacles involved in delivering services to the poor, these mechanisms are nevertheless costly, and the high repayment rates have not always translated into profits. Overall, much of the microfinance sector—especially the segment that serves the very poor—still remains heavily dependent on grants and subsidies. Recent research confirms that there is a trade-off between profitability and serving the very poor.

Microfinance has traditionally focused on the provision of credit for very poor entrepreneurs, and enthusiasts often emphasize how microfinance will unleash the productive potential of these borrowers, leading to productivity increases and growth. Yet much of microcredit is not used for investment. Instead, a sizable fraction of it goes to meet important consumption needs. These are not a secondary concern. For poor households, credit is not the only, or in many cases the priority, financial service they need: good savings and payments (domestic as well as international) services and insurance may rank higher. For example, one reason why the poor may not put any savings in financial assets may be
the lack of appropriate savings products. The question, then, has two parts: Should finance for the very poor be subsidized, and if so, is microfinance the best way to provide those subsidies? The answer requires comparing costs and benefits of subsidies in the financial sector with those in other areas, such as education and infrastructure. The clear need for the latter set a high threshold if scarce public funds are to be diverted to subsidizing access. (Aurora Ferrari. Oct 2007) Within the financial sector, the case for subsidizing savings and payments services, which can be seen as basic services necessary for participation in a modern market economy, seems stronger than that for credit. In the case of credit, interest rate subsidies in particular do not seem to be the way to go, given their negative incentive effects on repayment, the likelihood that much of the subsidy will in practice be diverted away from the target group, and the chilling effect on unsubsidized service providers just starting to provide small-scale credit. Instead, policies that encourage entry in general are more promising, as are policies that promote the adoption of novel techniques (such as those that take advantage of the already wide and increasing availability of mobile phones). Once in place, such techniques lower the unit cost of service delivery to the poor (World Bank, 2007). In villages where policies were sold, the authors find that less than 5 percent of the targeted population buys the insurance product and less than 3 percent of the purchasers change their production patterns. Why such low uptake of the product? The most common reason given for not buying the insurance, according to Giné, Townsend, and Vickery (2007), is lack of understanding of the product. The cost of insurance combined with credit constraints constitutes another powerful factor explaining the lack of take-up. Lack of trust that the insurer would pay claims promptly or at all if the insurable event occurs is likely also a factor—not unwarranted given the experience with many financial innovations in low-income environments in the past. Overall, it seems the
insurance product did not reach the most vulnerable households that would benefit most from it. In a similar experiment in Malawi, farmers were randomly offered the choice between a simple credit contract and one that combined credit with insurance (Giné and Yang 2007). The latter is effectively a contingent credit contract, that is, a loan that has to be repaid only in good times. Surprisingly, the take-up of the credit-insurance contract was significantly lower than the take-up of the credit contract, and the difference cannot be explained by the cost of including insurance. Unlike microcredit, micro insurance products are still in their infancy, so it is too early to draw definite conclusions. But this research shows the substantial barriers that providers have to overcome to market the product effectively to the target population. Rainfall insurance is only one of the micro insurance products that have been developed over the past years. Life and health insurance products are increasingly offered by both commercial and nongovernmental organization (NGO) insurance institutions. For such policies to be viable for a commercial insurer there needs to be a delivery channel with which potential clients are familiar, such as an MFI or an NGO (as in the two cases discussed). While a large practitioners’ literature discusses these different products and delivery mechanisms, rigorous research assessing their impact is still to be conducted. Thirty years after the establishment of Grameen Bank, the microfinance movement has attained a certain maturity. Microfinance increases access to financial services for those participating in the program, and, because of lower staff salaries and lack of posh banking halls, it does so at lower operating costs than commercial banks can. Nonetheless, most microfinance programs still incur high unit costs because of the small size of loans. As a result, a large proportion of the institutions—beit mostly the smaller ones—are dependent on subsidies The authors (world bank, 2007) find that even in this select group, only half of the institutions were profitable and financially self-sustainable, generating
sufficient revenue to cover their costs. One of the reasons for this lack of self-sustainability might be the lack of scale; only in eight countries do microfinance borrower's account for more than 2 percent of the population, and most individual MFIs seem to be too small to reap the necessary scale economies to become financially sustainable. At the same time, as MFIs grow and mature, they seem to focus less on the poor, which could be interpreted either as a success story for their borrowers or as mission drift. Microfinance also suffers from another important limitation: for many MFIs, scaling up to non poor customers will be difficult, as will be the ability of MFIs to accompany their customers as they grow richer. Joint-liability lending relies on groups of borrowers with similar borrowing needs, and the profitability of the approach relies on large numbers of borrowers and groups. The higher borrowers are on the income ladder and the larger the size of the enterprise, however, the more divergent are borrower characteristics and borrowing needs. Not surprisingly, loans made by individual-based micro lending institutions are larger on average than loans made by MFLs using joint-liability lending. Furthermore, larger average loan sizes also imply lower costs (World Bank, 2007). In 2000, 189 nations adopted the millennium Declaration, specifying eight Millennium Development Goals, including eradicating extreme poverty by 2015. The other goals concern education (universal primary education), gender equality, health (reductions in child and maternal mortality and reversing the spread of AIDS, malaria, and other diseases), environment, and global partnerships. While access to financial services is not explicitly mentioned among these goals, both theory and numerous empirical studies, including many mentioned in this text, suggest that access to financial services is an important direct or indirect contributor to the achievement of most the goals. In the case of education and health, one important effect of access to financial services is through the income effect: better access to financial services improves
incomes and therefore the possibility of obtaining health and education services, and at the same time it reduces the need to rely on children as laborers in the household. Allowing women direct access to financial services might improve their possibilities to become entrepreneurs, thus increasing their individual incomes, their chances to become more independent, and their participation in family and community decision making. There is also an important insurance effect better access to credit, savings, or insurance services reduces the need to use child labor as a buffer in the case of seasonal income fluctuations and transitory income shocks and allows consumption smoothing in the case of transitory income reductions resulting from health shocks.

Such comparisons have to be interpreted with caution, though, for several reasons. The regression coefficients indicate marginal, not large, discrete changes; the variable measuring financial depth is only a proxy; omission from the equation of other unmeasured causal variables may be exaggerating the measured impact of financial depth. However, even if one is convinced that private credit is associated with faster poverty reduction, that is not an invitation to policy makers to expand credit freely: attempts to force the rate of financial deepening through lax monetary policy, for example, will not generate true financial development and will prove to be unsustainable (World Bank, 2007).
CHAPTER_ 2

Introduction:
This chapter discussed in the first section the previous study of the researchers who investigates the same topic who investigates in this occupation. In the second section we highlight the various definitions and the principles of the microfinance and its history while the third section discussed the poverty generally and, poverty in Africa, poverty in Sudan and then we conclude by some aspect of women poverty even in developed countries the fourth section discussed the experience of the other countries different experiences like Newzealand, China, Indonesia. We conclude the chapter in fifth section by the importance of microfinance to women.
Chapter 2
THE FIRST SECTION

2-1 The Previous Studies:
The title of the study. (Women small-scale industry and marketing management with special reference to ready-made clothes.) (Nimat Ahmed Kekki, 2007).
This study started by explanation and definition of the informal sector and small-scale industries, showing their relation to each other and their relation with women in development. Then the scope of the problem is presented followed by the objectives of the study and the importance of studying business women problems. The main objective is to assist business women in managing and dealing with marketing problems in their small business through resolving these problems, discussing them and presenting results accompanied by recommended solutions. The hypothesis stated are, first ignorance of marketing management techniques, problems of finance and pricing. Secondly, the beliefs and traditions against women and discrimination in finance and place. Thirdly, the states policies and market liberalization which has its effects on production, pricing, distribution and promotion. Finally, the smallness of these firms constrains the specialized personnel recruitment. Data was collected through visits to seven Ready-made clothes factories registered under women’s names. Data revealed policies and strategies of women involvement in economic development and efforts of NOOs and GOs in supporting women in this area with background about tailoring and women and readymade clothes. Then introducing some marketing management theories related to the issue particularly theories concerning planning and the controllable factors.
The issue of the small-scale industry and demand for the Ready-made clothes, revealed the classifications, geographical locations and distribution according to ownership by gender and location in relation to population density and competition. Then the study considered the production in terms of; raw material, labour, finance... etc. and proceeded to different segments for which these factories produce and sell and the annual total demand and competition between local and imported goods.

Short and long term planning, focused centralized planning, costs and pricing. The cost and profits are estimated for short run and long run according to each factory’s capacity. Estimations of the cost and pricing in the short run, and unit cost and revenue according to the actual production and alternatives for the long run are introduced. The costs and revenues, supply and break-even analysis were used for determining profitable cost and products price. Marketing decision variables and organization are concerned with pricing, product design and competition between different products in designs and prices. The environmental factors and state’s policies affect the price and consequently the demand.

There are several channels of distribution used by these factories including whole salers, retailers, tenders and exhibitions. Ways of managing and organizing these small firms and alternatives are proposed and tasks for subordinates are specified particularly the managers of production, marketing and finance besides the decision-making- process and planning.

This study confirmed the hypothesis; women ignorance of the marketing and management techniques particularly in areas of pricing and other financial aspects. Economic liberalization policies encouraged imports which competed with local product and impeded their growth. As the problem is management, the smallness of these operations does not encourage the owners to have specialized personnel such as planners and marketing managers. A certain hypothesis: It is believed that women face
traditional restriction, inequity and/or discrimination particularly in market place and finance was not supported from the result.

**The Second:**

MSCs Study-by Afaf- Ali Abdel Karim

The Title of the study : (Small scale business enterprise in Khartoum.)


The study is an investigation and an attempt for a better understanding of small scale women entrepreneurs in Khartoum State. The main objective of the investigation is to highlight the reasons that motivate women to enter the business field and to assess the current status of small scale enterprises owned and run by women. Other objectives are to find out to what extent women have been successful in this field, the reasons behind their success or failure and whether their nature as a woman has effects on this success or failure. There is a worldwide interest in small scale economic activities as an important element for providing employment chances, better utilization of local capital, local technology, local inputs and markets load. This leads to growth of self-reliance, increased people’s participation and productivity, increased standards of living and overall well being. The Sudan as one of the developing countries with shortage of financial resources and problems of low standards of living has also encouraged and supported small scale industries and businesses to benefit from the advantages of small scale economic activities. Since the seventies, there has been an increasing international interest in women as an important part of the society and increasing concern about women health, education and participation in business activities. Women’s position in the society varies from one society to another depending on the socio-economic situation. In Sudan, there was ignorance of women in the formulation of the national economy and social development. Recently, the national strategy emphasized a women strategy and a
women enterprise promotion was made. However, more efforts are still needed towards their active participation in national development through the creation of more supportive cultural and socio-economic climate. In this study a sample survey of women in small business in Khartoum State was conducted using questionnaire and direct interviews. Analysis of the data collected shows that more Sudanese women have undertaken economic activities in all sectors particularly during the past decade due to the increased burden that has been placed on them by the economic and social changes that have occurred. The study shows that the majority of businesswomen in Khartoum State are married, indicating a positive relation between the need for more financial income due to increased family responsibilities, and business activities. It was also found that some women enter this field for self-satisfaction. The study reveals that the majority of businesswomen are highly educated. The evaluation of the performance of business shows that more than 80% of women enterprises are making high or satisfactory profit while a small percentage is losing. Therefore, there is a direct correlation between the success of a woman in business and her level of education. It was also found that almost all women enterprises are private or self-financed and very rarely women got finance from banks. The types of problems businesswomen face were also investigated. It was found that the majority of businesswomen have no family or traditional problems. However, very large percentages suffer from economic problems such as lack of financial resources, high prices, lack of input products and marketing problems. It should be pointed out that some businesswomen agree that in certain situations their nature as women stands as a constraint in dealing with some business affairs. Based on the findings of this investigation some recommendations are given in order to enhance the capabilities of women in business and to promote their role in the economic development and social welfare.
The Third:
The third studies are submitted by Sumra Awad Ahmed for master degree in University of Khartoum. The title of the study. Sustainable development through microfinance-case study women training and research of Alkmaar and Albaraka Association -Toti Island. The objective of this study is to determine the field of microfinance and its importance for development problems which becomes a crucial issue in the present time. Development means that, present generation should have got a best exploitation of available resources. They should use it wisely, taking in their consideration the preservation of the environment for the coming generation. This study mentioned some more definitions about: development, microfinance, small scale industries and the government & non government organization. Two associations have been studied; the first is, Women Training and Promotion Society (W.T.P.S.) - Mayo. The second Alkhair & Albaraka Association -Toti inland's structured questionnaire has been designed for collection of information from the staff and the beneficiaries of microfinance operations; to be sure for the success of microfinance process in the Sudan, and to find out the causes of deficiency and try to alleviate it. The hypotheses of the study are: the principal hypothesis that the projects of microfinance are successful in decreasing the severity of poverty, and four other hypotheses testing how this success is achieved; The Payback conditions are Suitable, Training and Rehabilitation are Essential components for the Success of the Projects, The supporting programs such as media - marketing- storage . . . Etc. are principal components for the microfinance projects, and The Collaterals are Suitable. That is clear in the improvement of family income which is reflected in their socio-economic conditions. Results also indicated that the guarantees required by the financer were crucial to the success of microfinance process. Moreover, scarcity of capital arid training is the
most important obstacles. Provision of supporting programs such as; training, rehabilitation, follow up, incentives . . . etc. lead to continuity and sustainability of’ the projects, the payback of loans are successful, the effective contribution of the government is needed and it helps these projects to be successful.

**The Fourth:**

Study submitted by Samia Ali Ahmed for PhD from Sudan University of Science and Technology. The title of the study is the effect of capacity building of women to alleviate family poverty. Case study Khartoum State, 2010.

This study is concerned with evaluate the effect’ the capacity building of women to alleviate family poverty. Case study Khartoum state. The importance of this study stems from the development of capacity building of women, to lead them so as to play big role in the social, economic and political changes and participate to alleviate family poverty. This study aims to measure the effect of the education, training and capacity building of women in how to light poverty and increase family income on the state of Khartoum.

The basic hypothesis of the study is that capacity building of women by Education- Training-Raise Awareness-Employment- Occupation leads to decrease the rate of family poverty. The study depended on both primary and secondary Data to obtain the sources of information.

The methological approach adopted of the study is Descriptive approach and analytical method (SPSS), to forecast the impact of the capacity building and Education to alleviate family poverty and to increase family income. The Primary Data has been obtained from the questionnaire, Interviews and Observations. Secondary data have been obtained from scientific references. Reports, Workshops, Internet, Literature reviews, include the evaluation of the role of the institutions and the experience of some countries that implemented the policies and programmed so as to
alleviate family poverty. The main results obtained in this study include the following:

Capacity building of women by Education- Training-Raise Awareness-Employment- Occupation leads to decrease the rate of family poverty.

Capacity building of women by finance, institutionally building, assistance instrument leads to increase family income. Women poverty reflex the negative effects of economic, social, philological, impact that leads to non-available of economic, social, philological, peace and security of the family. 4-capacity building of women and raise their technical skills lead to alleviate family poverty.

5-Improve women education and available training chances decrease the family poverty and improves their income.

6-poverty leads to deprive women from participate in social and political issues and design taker as well as deprive them from their human rights. The main recommendations based on the results obtained from this study: Efficiency and improvement quantitative and qualitative methodological education and increase awareness of women for especial role, to insure their contribution economically and socially. Training and awareness women in the contexts that assistance them to increase family income. Of women is importance element as an asset for achieving development in design taker for making polices and design maker. Efficiency of the role of the institutions has working hard to eradicate poverty. Increase Efficiency of especial institutions working hard to eradicate poverty.

The establishment of especial bank of poor people as likes Grameen Bank.
The Fifth:
Study submitted the by Salih Gibriel Hamid Ahmed: the thesis submitted for the fulfillment of the requirement for the degree of PhD in August 2003.
The title of the study: Microfinance as mechanism for poverty alleviation in Sudan.
Case study is experience of savings and social Development Bank as an example. The various experiments practiced in the developed and developing countries indicate the success of micro-finance as an effective means for financing the micro-enterprises. Also, it could be a means for self-employment for poor families and it could extract them from the state of destitution to better state of living. The viable and successful micro-finance experiments have proven that small-scale producers could be developed progressively to be entrepreneurs and savers, and reliable to banks, committed to their businesses and aspiring for success.
Micro-finance has been practiced informally in Sudan and elsewhere for a long time through the conventional relations in the rural agricultural communities. But the steady increase in population and competition on the meager resources has forced the human being to think about better means.
The problem has been escalated due to scarcity in capital and difficulty to obtain it. These factors have led to the escalation of the problem of income poverty, which encouraged the officials in France, Germany and America to develop savings and credit networks. The main obstacle for a family to meet its basic needs is the income poverty. Before the 20 Century formal financial institutions were not involved in micro-finance delivery. The NGOs served as efficient organs practicing credit delivery to the needy people. Unfortunately the efforts of NGOs diminished due to the scarcity of resources, because donors curbed down the donations for economic, political, social and strategic reasons. In the 20 century,
specialized banks undertook micro-finance delivery. The most famous banks are Grameen Bank in Bangladesh, Rakyat Bank in Indonesia and others in India and South America. The main objectives of these banks were to deliver micro-finance to small-scale producers in order to alleviate the escalating poverty. All the experiments of the banks have emphasized credit delivery and savings concurrently. Savings and Social Development Bank (SSDB) came to being with a Presidential Decree in 1995, after the World Summit for Social Development (WSSD). The Government of Sudan as well as other representatives committed themselves to the ideal of poverty eradication and social empowerment.

Based on this commitment, the Ministry of Finance and National Economy (MFNE), contributed in the capital of SSDB with 98% and the Bank of Sudan with 2%. The total amount of the paid-up capital is SD 4.6 billion (1.15$ 28 million) 31st of December 2004, while the commitment of the Government of Sudan was to raise the paid-up capital of SSDB to SD 7 billion (US$42.6 million).

In the field survey; he has conducted two random samplings. The first one consists of 182 beneficiaries. The first survey covered four sectors i.e. (agriculture, livestock, small-industries and service). It has come up with results typical to a great extent to what has been mentioned in the hypothesis.

The second survey is conducted to trace the performance of micro-finance in tea vending as a new initiative dealing specifically with women. Furthermore, the outcome of this survey strengthened the outcome of the first survey, and assured the possible success of micro-finance as a poverty alleviation intervention mechanism. The main intention is to provide acceptable modalities for micro-finance disbursement to maintain viable sustainable financial institution. The modalities take in consideration the multi-dimension concepts and aspects of Sudan, then highlight the defects associated with the performance of
SSDB at both administrative and technical levels. However, they also support the strengths and propose possible remedies. The recommendations dealt with the major elements that affect the performance of SSDB in micro-finance whether at the Government or the bank levels, and provide suggestions on how SSDB can deliver finance for both commercial and micro-finance clients in relatively balanced and acceptable circumstances.

The Sixth:

Alkhadamat Almalya Elsageera Bain Hadathet Elmhoom WA taglydiat-Almumarsa

This thesis assesses the efficacy of the financial sector in promoting microfinance as a vehicle for resource accumulation in the Sudan. It focuses on how formal and informal financial institutions whether indecently or in cooperation can him effective instruments for facilitating access to financial resources at that local area. The purpose in context is to propagate for financial intermediations which are capable of deepening financial markets through creating and building favorable environment for credit returns and out puts. Accordingly, three intermediated hypotheses had been developed covering institutionalization monitory policy and governance of intermediation institution, with respect to accumulation, encouragement of saving and the penetrator of TQM.

The study followed with descriptive and analytical approaches through which qualitative and qualitative method are used in gathering and analyzing date three different questionnaires had been constructed for various financial institution while statistical packages mainly SPSS and excel are utilized the sample covered 40 institution, and organization access Khartoum Southern Kordofan Gadarif and Gazira States. The
micro financing is show that existing formal financial institutions didn't encourage resources. Accumulation for several reasons among them lack of favorable environment and disproportionate impact of microfinance policy. On the contrary informal financial organizations have the potential to attract domestic saving and resources however both institutions may accommodate TQM requirements.

The relation between this study and the previous studies we find that all above studies investigate the problem of How to solve the problem of poverty and How to support the poor and the vulnerable people including the women sector. Also it describes the plight of the poor to survive and to fulfill their basic needs. The obligations and the basic need more than the income. So How is to solve this dilemma of the poor. This study is a little contribute to the existing system to investigate the access of the poor to have easy money to be finance How this small credit with improve the situation poor represented in this study by women.

These previous study as general has paved the way for me to investigate from another gate to see the accessibility to credit and the impact of this credit when it's accessible.
CHAPTER TWO
2-2 Section 2: The Definition, principles of microfinance and history

Microcredit and microfinance is not the answer to all the problem of poverty in developing countries, but is indeed an "inducer" to a great many actions, that can lead to a better quality of life to the low-income group. Microfinance: M.F is often defined as financial services for poor and low-income clients. In practice, the term is often used move narrowly to refer to loans and other services from providers that identify themselves as "Microfinance institutions" (MFLs) this institutions commonly tend to use new methods developed over the last 30 years to deliver very small loans to un salaried borrowers, taking little or no collateral. These methods include group lending, and liability pre-loan Sawing requirements, gracility increasing loan sizes, and an implicit guarantee of ready access to future loans if present loans are repaid fully and promptly. More broadly, microfinance refers to movement that envisions a world in which low-income household have permanent access to a range of high quantity financial services to finance their income-producing actions, build assets, stabilize consumption, and protect against, risks. These services are not limited to credit, but include savings; insurances and money transfers.Microfinance programmes are currently being promoted as a key strategy to simultaneously addressing both poverty alleviation and women’s empowerment. Where financial service provision leads to the setting up or expansion of micro-enterprises there are a range of potential impacts including: Increasing women’s income levels and control over income leading to greater levels of economic independence Access to networks and markets giving wider experience of the world outside the home. Access to information and possibilities for development of the other social and political roles Enhancing perceptions of women’s contribution to household income, and family welfare,
increasing women’s participation in household decisions about expenditure and other issues and leading to greater expenditure on women’s welfare. More general improvements in attitudes to women’s role in the household and community. Microfinance programmes targeting women have been a welcome corrective to previous neglect of women’s productive role. For some women in some contexts microfinance programmes have indeed set in motion a process of empowerment where all the above elements have been mutually reinforcing. There are many anecdotal ease studies in NGO reports of women who have shown considerable increasing their income and improving their status in the family and community, particularly after a series of loans. There has however been no systematic, cross-cultural comparative study of the ways in which microfinance programmes contribute to Women's empowerment or the contexts and organizational frameworks within which this occurs. Material collated in a pilot research project coordinated by the author indicates that automatic benefits to women cannot be assumed even in the most innovative progrtunmes. Many evaluations of microfinance progranunes have assumed that high take-up and repayment levels indicate positive impact on women and have not investigated further. Some have anecdotal information from participatory consultations and gender workshops.

Microfinance is the supply of loans saving, and other basic financial services to the poor: CGAP.

Microfinance is the provision of financial services to low income clients, including consumers and the self-employed. Who traditionally lack access to banking and related services? More broadly it is a movement whole project is "a world in which as many poor household as possible has permanent access to an appropriate range of high quality financial services including.
Microfinance is the provision of financial services such as loans, savings, insurance, and training to people living in poverty. It is one of the great success stories in the developing world in the last 30 years and is widely recognized as a just and sustainable solution in alleviating global poverty. The industry began by providing small loans to emerging entrepreneurs to start or expand businesses. Opportunity International was one of the first nonprofit organizations to recognize the benefits of providing capital to people struggling to work their way out of poverty. Over the years, with Opportunity leading the way, the microfinance sector has expanded its financial service offerings to better meet client needs. Along with providing more flexible loan products and business and personal development training, Opportunity offers savings and insurance to help clients effectively navigate the daily hardships they face. Without these services, clients are continually at risk of slipping back into poverty because of unforeseen circumstances.

Microfinance can help create a world in which the poor have fair access to economic opportunities and the hope to move beyond poverty. Microfinance organizations make it a priority to serve the particular needs of women, since a staggering 70 percent of all those living in extreme poverty are female. Women are often excluded from education, the workplace, owning property and equal participation in politics. They produce one half of the world’s food, but own just one percent of its farmland. Nearly 85 percent of Opportunity’s loan clients are women. While Opportunity gladly extends loans to men, the organization believes the greatest opportunity for interrupting cycles of extreme poverty come from microfinance programs that target female entrepreneurs. When women improve their circumstances, they also improve the lives of their children. By investing in nutrition and education, they help to create a better future for their children and their communities.
Microfinance is the basic financial services, like credit, savings and insurance, give people an opportunity to borrow, save, invest and protect their families against risk. But with little income or collateral, poor people are seldom able to borrow money from banks and other formal financial institutions. Even when they do have income or collateral, the amounts they require are often too small to appeal to banks. Instead, poor people tend to rely on informal financial relationships, like village moneylenders, that usually come at a very high cost to borrowers. Microfinance institutions, such as financial cooperatives, financial non-governmental organizations and rural banks among others, can provide poor people with small amounts of credit at reasonable interest rates. A loan as little as US$ 50 can give poor people a chance to set up their own small business, and possibly create more jobs. It can also help secure a family’s food supply, buy medicine and pay for children’s education. Although credit is an important part of microfinance, it is just one of the diverse financial that poor people need to improve their lives. Poor people also need saving services, basic insurance options and affordable remittance systems to best manage their assets and generate income. Still, only a fraction of the world’s poorest people have access to such services. While the’ microfinance sector continues to grow, at least 400 million poor and low-income people are not being served by microfinance programmers. To most microfinance means providing very poor family with very small loans to help them engage in productive activities or grow their small business definition. Microfinance brings the power of credit to the grassroots by way of loans to the poor, without requirement of collateral or previous credit record. Experience shows that microfinance can help the poor to increase income, building viable businesses, and reduce their vulnerability to external shocks. It can also be powerful instrument for self-empowerment by inability poor, especially women to become economic agents of change. As
Microfinance moves more and more into the mainstream of the banking world is some of its original mission getting lost in the shuffle? That’s the implication of a landmark study released on Thursday by Women’s World Banking (WWB), a network of microfinance institutions in 29 countries. The study examined what happened at 27 outfits as they morphed from non-governmental (typically not-for-profit) organizations into regulated financial institutions, and found that they often end up lending to a smaller percentage of women—the very people they are often started to The WWB study did find real benefits associated with the evolution of micro financing, which aims to help lift people out of poverty by lending them relatively small amounts of money to start and run their own small businesses. Commercialized micro financiers, for instance, are able to reach more borrowers and offer important new products like savings accounts. (Microfinance started out with loans largely because in most countries not-for-profits aren’t allowed to take deposits; as institutions legally become so-called non-bank financial institutions or all-out banks, these changes.) But WWB also found evidence that such growth might be pushing institutions’ interests to be more in with those of their profit-seeking investors. The detailed study comes at a critical time for the field. In the past few years, investors have realized that making a lot of tiny loans to poor people in the developing world can actually be a lucrative endeavor. The microfinance industry, which dates back decades and has historically been made up of not-for-profit organizations, has subsequently seen a flood of new money. As microfinance institutions look to tap that capital, they are increasingly becoming regulated financial institutions, which put them under the purview of a local banking authority. WWB studied 27 microfinance groups (in Latin America, Asia, the Middle East and North Africa) that had undergone this regulatory shift, dubbed “transformation,” and compared them with 25 that had not. Over a five-year period,
microfinance institutions that had become more traditional commercial enterprises saw their number of active borrowers increase by 30% a year on average, compared with 15% for institutions that remained NGOs. In addition to reaching more clients with loans, the transformed microfinance institutions were also able to significantly ramp up the number of clients with savings accounts—a life-changing thing for people who have never before had a safe place to put away money for the future. Over the five-year period, transformed microfinance institutions grew savings accounts by an average of 45% a year, compared with 28% for the institutions in the control group that were already able to offer such accounts. But a more troubling finding of the study was the steep drop-off in the percentage of female clients in the years following transformation. Over five years, the percentage of clients who were women moved from an average of 88% to 60%. That is concerning not only because many institutions start out with the goal of serving female entrepreneurs, but also because women are much less likely than men to spend business gains on consumable goods like TV sets, and more likely to pay for health care and education for their children—investments that can help further lift their families out of the cycle of poverty. The study also showed that transformed microfinance institutions loaned larger amounts of money—with average loan sizes that were two to three times greater than those of outfits that hadn’t commercialized. Some people in the microfinance industry have pointed to that sort of result (which has been noted in prior research) as evidence that the profit motive leads microfinance institutions to abandon their poorest clients, who take out smaller loans and are therefore less profitable. The WWB study didn’t draw that troubling conclusion, indicating that a third variable, such as improving economic conditions overall, might be at play in increasing loan size. “But profit doesn’t have to trump social mission.” Microfinance and women's Economic Empower met: bridging the Gap, Redesigning
the future (Katy Skarlats, 2004) Working paper series No.9

Much women poverty are hidden in poor households. Women often deny them subsidies basic, such as food in order to protect their families from consequences of poverty. Women are more likely to experience persistent poverty, more than one-fifth of women, have persistent low income, compared to 14 of men. Limiting persistent poverty denies women the opportunity to build savings and assets to fall back on in times of hardship. This affects accumulate for older women and results in extensive poverty. For men, economic inactivity is a major route into poverty. This is also true for women. But women face additional poverty risks as a result of their lower-admiring powers, caring responsibilities, and changing family structures. Women's poverty is also closely linked to that of children. The government will not reach its target of eradicating child poverty without tackling women's poverty.

Microfinance is the provision of financial services to low-income clients, including consumers and the self-employed who traditionally lack access to banking and related services. More broadly, it is a movement whose object is “a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high-quality financial services, including not just credit but also savings, insurance and fund transfers. Those who promote microfinance generally believe that such access will help poor people out of poverty. Microcredit is the provision of cash and in-kind loans in smaller amounts to micro, small entrepreneurs meant to improve their business operations.

Microfinance consists primarily of providing financial services including, savings, micro-credit, micro insurance, micro leasing and transfers in relatively small transactions designed to be accessible to micro-enterprises and to low-income households. Microfinance may be complemented by non-financial services, especially training, to improve the ability of clients to utilize the facilities effectively.
Microfinance" is small sum of money. According to the State of the Microcredit Summit Campaign 2001 Report, 14.2 million of the world’s poorest women now have access to financial services through specialized microfinance institutions (MFIs), banks, NGOs, and other nonbank financial institutions. These women account for nearly 74 percent of the 19.3 million of the world’s poorest people now being served by microfinance institutions. Most of these women have access to credit to invest in businesses that they own and operate themselves. The vast majority of them have excellent repayment records, in spite of the daily hardships they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and to women. So, given these impressive statistics, can we put ourselves on the back for our service to poor women and assume that women’s empowerment and other gender issues will take care of themselves? Although women’s access to financial services has increased substantially in the past 10 years, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. Some MFIs are providing a decreasing percentage of loans to women, even as these institutions grow and offer new loan products. Others have found that on average women’s loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. Some differences in loan sizes may be a result of women’s greater poverty or the limited capacity of women’s businesses to absorb capital. But they can also indicate broader social discrimination against women which limits the opportunities open to them, raising the question of whether microenterprise development programs should do more to address these issues. And looking at the leadership of many MFIs, we see very few women. Their contributions—whether setting the vision on a board of directors, designing products and services, or implementing programs—are missing. Thus, as the industry becomes more sophisticated
in developing targeted products and services, it makes sense to look at both targeting women and empowering women. Microfinance programs have the potential to transform power relations and empower the poor—both men and women. In well-run microfinance programs, there is a relationship of respect between the provider and the client that is inherently empowering. This is true regardless of the methodology or approach (whether the institution takes a minimalist approach of delivering financial services only or a more holistic or integrated approach). As a consequence, microfinance has become a central component of many donor agencies’ and national governments’ gender, poverty alleviation, and community. The microfinance can be described as "Prolusion of services financial services dealing with very small deposits and loans. As a concept is emerged in the early 1990 with the recognition that poor people needed a wide range of financial services covering credit, saving, insurance and money transfers. These services have traditionally been provided by informal or indigenous financial institutions. The formal institutions having emerged as an alternative in more recent turns: From the margin to the mainstream microfinance programs and women's empowerment: The Baric ladies experience, University of wals Swansea centre for development studies submittal in poverty filament of the, Diggers M.Sc. GTa Salidrwal p. This article examines the historical context of microfinance and its evolution. Microfinance is not new. Savings and credit groups that have operated for centuries include the “susus” of Ghana, “chit funds” in India, “tandas” in Mexico, “arisen” in Indonesia, “heetu” in Sri Lanka, “tontines” in West Africa, and “pasanaku” in Bolivia, as well as numerous savings clubs and burial societies found all over the world. Formal credit and savings institutions for the poor have also been around for decades, providing customers who were traditionally neglected by commercial banks a way to obtain financial services through cooperatives and development finance
institutions. One of the earlier and longer-lived micro credit organizations providing small loans to rural poor with no collateral was the Irish Loan Fund system, initiated in the early 1700s by the author and nationalist Jonathan Swift. Swift’s idea began slowly but by the 1840s had become a widespread institution of about 300 funds all over Ireland. Their principal purpose was making small loans with interest for short periods. At their peak they were making loans to 20% of all Irish households annually. In the 1800s, various types of larger and more formal savings and credit institutions began to emerge in Europe, organized primarily among the rural and urban poor. These institutions were known as People’s Banks, Credit Unions, and Savings and Credit Co-operatives. The concept of the credit union was developed by Friedrich Wilhelm Raiffeisen and his supporters. Their altruistic action was motivated by concern to assist the rural population to break out of their dependence on moneylenders and to improve their welfare. From 1870, the unions expanded rapidly over a large sector of the Rhine Province and other regions of the German States. The cooperative movement quickly spread to other countries in Europe and North America, and eventually, supported by the cooperative movement in developed countries and donors, also to developing countries. In Indonesia, the Indonesian People’s Credit Banks (BPR) or The Bank Perkreditan Rakyat opened in 1895. The BPR became the largest microfinance system in Indonesia with close to 9,000 units. In the early 1900s, various adaptations of these models began to appear in parts of rural Latin America. While the goal of such rural finance interventions was usually defined in terms of modernizing the agricultural sector, they usually had two specific objectives: increased commercialization of the rural sector, by mobilizing “idle” savings and increasing investment through credit, and reducing oppressive feudal relations that were enforced through indebtedness. In most cases, these new banks for the poor were not owned by the poor themselves, as they had been in Europe,
but by government agencies or private banks. Over the years, these institutions became inefficient and at times, abusive. Between the 1950s and 1970s, governments and donors focused on providing agricultural credit to small and marginal farmers, in hopes of raising productivity and incomes. These efforts to expand access to agricultural credit emphasized supply-led government interventions in the form of targeted credit through state-owned development finance institutions, or farmers’ cooperatives in some cases, that received concessional loans and on-lent to customers at below-market interest rates. These subsidized schemes were rarely successful. Rural development banks suffered massive erosion of their capital base due to subsidized lending rates and poor repayment discipline and the funds did not always reach the poor, often ending up concentrated in the hands of better-off farmers. Meanwhile, starting in the 1970s, experimental programs in Bangladesh, Brazil, and a few other countries extended tiny loans to groups of poor women to invest in micro-businesses. This type of microenterprise credit was based on solidarity group lending in which every member of a group guaranteed the repayment of all members. These “microenterprise lending” programs had an almost exclusive focus on credit for income generating activities (in some cases accompanied by forced savings schemes) targeting very poor (often women) borrowers. An early pioneer was founded by a law student, Joseph Blatchford, to address poverty in Latin America’s cities. Begun as a student-run volunteer effort in the shantytowns of Caracas with $90,000 raised from private companies, ACCION today is one of the premier microfinance organizations in the world, with a network of lending partners that spans Latin America, the United States and Africa. In 1972 the Self Employed Women’s Association (SEWA) was registered as a trade union in Gujarat (India), with the main objective of “strengthening its members’ bargaining power to improve income, employment and access to social security.” In 1973, to address their lack
of access to financial services, the members of SEWA decided to found “a bank of their own”. Since then it has been providing banking services to poor, illiterate, self-employed women and has become a viable financial venture with today around 30,000 active clients. Grameen Bank. In Bangladesh, Professor Muhammad Yunus addressed the banking problem faced by the poor through a programme of action-research. With his graduate students in, he designed an experimental credit programme to serve them. It spread rapidly to hundreds of villages. Through a special relationship with rural banks, he disbursed and recovered thousands of loans, but the bankers refused to take over the project at the end of the pilot phase. They feared it was too expensive and risky in spite of his success. Eventually, through the support of donors, the Grameen Bank was founded in 1983 and now serves more than 4 million borrowers. The initial success of Grameen Bank also stimulated the establishment of several other giant microfinance institutions like BRAC, ASA, Proshika, etc. Through the 1980s, the policy of targeted, subsidized rural credit came under a slow but increasing attack as evidence mounted of the disappointing performance of directed credit programs, especially poor loan recovery, high administrative costs, agricultural development bank insolvency, and accrual of a disproportionate share of the benefits of subsidized credit to larger farmers. The basic tenets underlying the traditional directed credit approach were debunked and supplanted by a new school of thought called the “financial systems approach”, which viewed credit not as a productive input necessary for agricultural development but as just one type of financial service that should be freely priced to guarantee its permanent supply and eliminate rationing. The financial systems school held that the emphasis on interest rate ceilings and credit subsidies retarded the development of financial intermediaries, discouraged intermediation between savers and investors, and benefited larger scale producers more than small scale, low-income producers.
Meanwhile, microcredit programs throughout the world improved upon the original methodologies and defied conventional wisdom about financing the poor. First, they showed that poor people, especially women, had excellent repayment rates among the better programs, rates that were better than the formal financial sectors of most developing countries. Second, the poor were willing and able to pay interest rates that allowed microfinance institutions (MFIs) to cover their costs. 1990s these two features - high repayment and cost-recovery interest rates - permitted some MFIs to achieve long-term sustainability and reach large numbers of clients. Another flagship of the microfinance movement is the village banking unit system of the (BRI), the largest microfinance institution in developing countries. This state- owned bank serves about 22 million micro savers with autonomously managed micro banks. The micro banks of BRI are the product of a successful transformation by the state of a state-owned agricultural bank during the mid-1980s. The 1990s saw growing enthusiasm for promoting microfinance as a strategy for poverty alleviation. The microfinance sector blossomed in many countries, leading to multiple financial services firms serving the needs of micro entrepreneurs and poor households. These gains, however, tended to concentrate in urban and densely populated rural areas. It was not until the mid- 990s that the term “microcredit” began to be replaced by a new term that included not only credit, but also savings and other financial services. “Microfinance’ emerged as the term of choice to refer to a range of financial services to the poor, that included not only credit, but also savings and other services such as insurance and money transfers. ACCION helped found BancoSol in 1992, the first commercial bank in the world dedicated solely to microfinance. Today, BancoSol offers its more than 70,000 clients an impressive range of financial services including savings accounts, credit cards and housing loans - products that just five years ago were only accessible to Bolivia’s upper
classes. BancoSol is no longer unique: more than 15 ACCION-affiliated organizations are now regulated financial institutions. Today, practitioners and donors are increasingly focusing on expanded financial services to the poor in frontier markets and on the integration of microfinance in financial systems development. The recent introduction by some donors of the financial systems approach in microfinance - which emphasizes favorable policy environment and institution-building - has improved the overall effectiveness of microfinance interventions. But numerous challenges remain, especially in rural and agricultural finance and other frontier markets. Today, the microfinance industry and the greater development community share the view that permanent poverty reduction requires addressing the multiple dimensions of poverty. For the international community, this means reaching specific Millennium Development Goals (MDGs) in education, women’s empowerment, and health, among others. For microfinance, this means viewing microfinance as an essential element in any country’s financial system. Is marketing its “Agriculture Salary” savings product to farmers. The goal of the product is to smooth the flow of income from the proceeds of an annual or semi-annual harvest.

**History:** Ideas relating to microcredit can be found at various times in modern history. Jonathan Swift inspired the Irish Loan Funds of the 18th and 19th centuries in the mid-1800s, Individualist anarchist Lysander Spooner wrote about the benefits of numerous small loans for entrepreneurial activities to the poor as a way to alleviate poverty. Ideas relating to microcredit were mentioned in portions of the Marshall Plan at the end of World War II. The origins of microcredit in its current practical incarnation, with attention paid by economists and politicians worldwide, can be linked to several organizations founded in Bangladesh, especially the Grameen Bank in the 1970s and onward, for which its founder Muhammad Yunus was awarded the Nobel Peace Prize in 2006. A more
holistic or integrated approach). As a consequence, microfinance has become a central component of many donor agencies’ and national governments’ gender, poverty alleviation, and community. The microfinance can be described as "Prolusion of services financial services Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and to women. So, given these impressive statistics, can we put ourselves on the back for our service to poor women and assume that women’s empowerment and other gender issues will take care of themselves? Although women’s access to financial services has increased substantially in the past 10 years, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. Some MFIs are providing a decreasing percentage of loans to women, even as these institutions grow and offer new loan products. Others have found that on average women’s loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. Some differences in loan sizes may be a result of women’s greater poverty or the limited capacity of women’s businesses to absorb capital. But they can also indicate broader social discrimination against women which limits the opportunities open to them, raising the question of whether microenterprise development programs should do more to address these issues. And looking at the leadership of many MFIs, we see very few women. Their contributions-whether setting the vision on a board of directors, designing products and services, or implementing programs-are missing. Thus, as the industry becomes more sophisticated in developing targeted products and services, it makes sense to look at both targeting women and empowering women. Microfinance programs have the potential to transform power relations and empower the poor-both men and women. In well-run microfinance programs, there is a relationship of respect between the provider and the client that is
inherently empowering. This is true regardless of the methodology or approach (whether the institution takes dealing with very small deposits and loans. As a concept is emerged in the early 1990 with the recognition that poor people needed a wide range of financial services covering credit, saving, insurance and money transfers. These services have traditionally been provided by informal or indigenous financial institutions. The formal institutions having emerged as an alternative in more recent turns: From the margin to the mainstream microfinance programs and women's empowerment: The Baric ladies experience, University of wals Swansea centre for development studies submittal in poverty filament of the Diggers M.Sc. GTa Salidrwal p. This article examines the historical context of microfinance and its evolution. Microfinance is not new. Savings and credit groups that have operated for centuries include the “susus” of Ghana, “chit funds” in India, “tandas” in Mexico, “arisan” in Indonesia, “cheetu” in Sri Lanka, “tontines” in West Africa, and “pasanaku” in Bolivia, as well as numerous savings clubs and burial societies found all over the world. Formal credit and savings institutions for the poor have also been around for decades, providing customers who were traditionally neglected by commercial banks a way to obtain financial services through cooperatives and development finance institutions. One of the earlier and longer-lived microcredit organizations providing small loans to rural poor with no collateral was the Irish Loan Fund system, initiated in the early 1700s by the author and nationalist Jonathan Swift. Swift’s idea began slowly but by the 1840s had become a widespread institution of about 300 funds all over Ireland. Their principal purpose was making small loans with interest for short periods. At their peak they were making loans to 20% of all Irish households annually. In the 1800s, various types of larger and more formal savings and credit institutions began to emerge in Europe, organized primarily among the rural and urban poor. These institutions were known as People’s Banks,
Credit Unions, and Savings and Credit Co-operatives. The concept of the credit union was developed by Friedrich Wilhelm Raiffeisen and his supporters. Their altruistic action was motivated by concern to assist the rural population to break out of their dependence on moneylenders and to improve their welfare. From 1870, the unions expanded rapidly over a large sector of the Rhine Province and other regions of the German States. The cooperative movement quickly spread to other countries in Europe and North America, and eventually, supported by the cooperative movement in developed countries and donors, also to developing countries. In Indonesia, the Indonesian People’s Credit Banks (BPR) or The Bank Perkreditan Rakyat opened in 1895. The BPR became the largest microfinance system in Indonesia with close to 9,000 units. In the early 1900s, various adaptations of these models began to appear in parts of rural Latin America. While the goal of such rural finance interventions was usually defined in terms of modernizing the agricultural sector, they usually had two specific objectives: increased commercialization of the rural sector, by mobilizing “idle” savings and increasing investment through credit, and reducing oppressive feudal relations that were enforced through indebtedness. In most cases, these new banks for the poor were not owned by the poor themselves, as they had been in Europe, but by government agencies or private banks. Over the years, these institutions became inefficient and at times, abusive. Between the 1950s and 1970s, governments and donors focused on providing agricultural credit to small and marginal farmers, in hopes of raising productivity and incomes. These efforts to expand access to agricultural credit emphasized supply-led government interventions in the form of targeted credit through state-owned development finance institutions, or farmers’ cooperatives in some cases, that received concessional loans and on-lent to customers at below-market interest rates. These subsidized schemes were rarely successful. Rural development banks suffered massive
erosion of their capital base due to subsidized lending rates and poor repayment discipline and the funds did not always reach the poor, often ending up concentrated in the hands of better-off farmers. Meanwhile, starting in the 1970s, experimental programs in Bangladesh, Brazil, and a few other countries extended tiny loans to groups of poor women to invest in micro-businesses. This type of microenterprise credit was based on solidarity group lending in which every member of a group guaranteed the repayment of all members. These “microenterprise lending” programs had an almost exclusive focus on credit for income generating activities (in some cases accompanied by forced savings schemes) targeting very poor (often women) borrowers. An early pioneer was founded by a law student, Joseph Blatchford, to address poverty in Latin America’s cities. Begun as a student-run volunteer effort in the shantytowns of Caracas with $90,000 raised from private companies, ACCION today is one of the premier microfinance organizations in the world, with a network of lending partners that spans Latin America, the United States and Africa. In 1972 the Self Employed Women’s Association (SEWA) was registered as a trade union in Gujarat (India), with the main objective of “strengthening its members’ bargaining power to improve income, employment and access to social security.” In 1973, to address their lack of access to financial services, the members of SEWA decided to found “a bank of their own”. Four thousand women contributed share capital to establish the Mahila SEWA Co-operative Bank. Since then it has been providing banking services to poor, illiterate, self-employed women and has become a viable financial venture with today around 30,000 active clients. Grameen Bank. In Bangladesh, Professor Muhammad Yunus addressed the banking problem faced by the poor through a programme of action-research. With his graduate students in Chittagong University in 1976, he designed an experimental credit programme to serve them. It spread rapidly to hundreds of villages. Through a special relationship
with rural banks, he disbursed and recovered thousands of loans, but the bankers refused to take over the project at the end of the pilot phase. They feared it was too expensive and risky in spite of his success. Eventually, through the support of donors, the Grameen Bank was founded in 1983 and now serves more than 4 million borrowers. The initial success of Grameen Bank also stimulated the establishment of several other giant microfinance institutions like BRAC, ASA, Proshika, etc.

Through the 1980s, the policy of targeted, subsidized rural credit came under a slow but increasing attack as evidence mounted of the disappointing performance of directed credit programs, especially poor loan recovery, high administrative costs, agricultural development bank insolvency, and accrual of a disproportionate share of the benefits of subsidized credit to larger farmers. The basic tenets underlying the traditional directed credit approach were debunked and supplanted by a new school of thought called the “financial systems approach”, which viewed credit not as a productive input necessary for agricultural development but as just one type of financial service that should be freely priced to guarantee its permanent supply and eliminate rationing. The financial systems school held that the emphasis on interest rate ceilings and credit subsidies retarded the development of financial intermediaries, discouraged intermediation between savers and investors, and benefited larger scale producers more than small scale, low-income producers. Meanwhile, microcredit programs throughout the world improved upon the original methodologies and defied conventional wisdom about financing the poor. First, they showed that poor people, especially women, had excellent repayment rates among the better programs, rates that were better than the formal financial sectors of most developing countries. Second, the poor were willing and able to pay interest rates that allowed microfinance institutions (MFIs) to cover their costs. 1990s these two features - high repayment and cost-recovery interest rates - permitted some MFIs to
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**Principles** Microcredit is based on a separate set of principles, which are distinguished from general financing or credit. Microcredit emphasizes building capacity of a micro-entrepreneur, employment generation, needed trust building, and help to the micro-entrepreneur on initiation and during difficult times. Microcredit is a tool for socioeconomic development. In the past few years, savings-led microfinance has gained recognition as an effective way to bring very poor families low-cost financial services. For example, in India, the National Bank for Agriculture and Rural Development (NABARD) finances more than 500 banks that on-lend funds to self-help groups (SHGs). SHGs comprise twenty or fewer members, of whom the majority is women from the
poorest castes and tribes. Members save small amounts of money, as little as a few rupees a month in a group fund. Members may borrow from the group fund for a variety of purposes ranging from household emergencies to school fees. As SHGs prove capable of managing their funds well, they may borrow from a local bank to invest in small business or farm activities. Banks typically lend up to four rupees for every rupee in the group fund. Groups generally pay interest rates that range from 30% to 70% APR, or 12% to 24% a year, based on the flat calculation method. Nearly 1.4 million SHGs comprising approximately 20 million women now borrow from banks, which make the Indian SHG-Bank Linkage model the largest microfinance program in the world. Similar programs are evolving in Africa and Southeast Asia with the assistance of organizations like Opportunity International, Catholic I Relief Services, CARE, APMAS and Oxfam. Micro financing also helps in the development of an economy by giving everyday people the chance to establish a sustainable means of income. Eventual increases in disposable income will lead to economic development and growth. Jason Cons and Kasia Paprocki of the Golden Institute, le quite critical of some unintended side-effects of microcredit, nonetheless acknowledge its “enormous potential as a tool for poverty alleviation. The principles of micro credit have also been applied in attempting to address several non-poverty-related issues. Among these, multiple Internet-based organizations have developed platforms that facilitate a modified form of peer-to-peer lending where a loan is not made in the form of a single, direct loan, but as the aggregation of a number of smaller loans-often at a negligible interest rate. There are several ways by which the general public can participate in alleviating poverty using Web platforms. New platforms that connect lenders to micro-entrepreneurs are emerging on the Web, for example Kiva, Lend for Peace and the Microloan Foundation. Another WWW-based micro lender United Prosperity uses a
variation on the usual micro lending model; with United Prosperity the micro-lender provides a guarantee to a local bank which then lends back double that amount to the micro-entrepreneur. United Prosperity claims this provides both greater leverage and allows the micro-entrepreneur to develop a credit history with their local bank for future loans. In the developed world Microcredit is not only provided in poor countries, but also in one of the world’s richest countries, the USA, where 37 million people (12.6%) live below the poverty line). Among other organizations that provide microloans in the United States Grameen Bank started their operation in New York in April 2008. According to economist Jonathan Murdoch of New York University, microloans have less appeal in the US, because people think it is too difficult to escape poverty through private enterprise. Other developed countries in which the micro-loan model is in fact gaining impetus include, Russia, the Ukraine and more, where microloans given to small business entrepreneurs are also used to overcome cultural barriers in the mainstream business solidarity lending in developed countries have generally not succeeded. For example, the Calmeadow Foundation tested an analogous peer-lending model in three locations in Canada, rural Nova Scotia and urban Toronto and Vancouver, during the 1990s. It concluded that a variety of factors-including difficulties in reaching the target market, the high risk profile of clients, their general distaste for the joint liability requirement, and high overhead costs-made solidarity lending unavailable without subsidies. However, debates have continued about whether the required subsidies may be justified as an alternative to other subsidies targeted to the entrepreneurial poor, and Van City Credit Union, which took over Calmeadow’s Vancouver operations, continues to use peer lending. Some organizations, however, have been able to find success bringing the microfinance model to the United States. ACCION USA, which is the US subsidiary of the more well-known ACCION International, has been able
to provide US$117 million in microloans since 1991, with an over 90% repayment. Gina Neff of the Left Business Observer has described the microcredit movement as a privatization of public safety-net programs. Enthusiasm for microcredit among government officials as an anti-poverty program can motivate cuts in public health, welfare, and education spending. Neff maintains that the success of the microcredit model has been judged disproportionately from a lender’s perspective (repayment rates, financial viability) and not from that of the borrowers. For example, the Grameen Bank’s high repayment rate does not reflect the number of women who are repeat borrowers that have become dependent on loans for household expenditures rather than capital investments. Studies of microcredit programs have found that women often act merely as collection agents for their husbands and sons, such that the men spend the money themselves while women are saddled with the credit risk. As a result, borrowers are kept out of waged work and pushed into the informal economy. Many studies in recent years have shown that risks like sickness, natural disaster and over indebtedness are a critical dimension of poverty and that very poor people rely heavily on informal savings to manage these risks (see, for example, The Microfinance Revolution. It might be expected that microfinance institutions would provide safe, flexible savings services to this population, but- with notable exceptions like Grameen II-they have been very slow to do so. Some experts argue that most microcredit institutions are overly dependent on external capital. A study of microcredit institutions in Bolivia in 2003, for example, found that they were very slow to deliver quality micro savings services because of easy access to cheaper forms of external capital. Global data tables from The Microbanking Bulletin show that savings represent a small source of funds for microcredit institutions in most developing nations. Because field officers are in a position of power locally and are judged on repayment rates as
the primary metric of their success, they sometimes use coercive and even violent tactics to collect installments on the microcredit loans. Some loan recipients sink into a cycle of debt, using a microcredit loan from one organization to meet interest obligations from another. Also, counter to the original intention of the microcredit system to empower women, one of the effects of an infusion of cash into local economies has been to increase dowries, with women forced at times to take microcredit loans as the only means to pay these increased dowries for their daughters. Bangladesh’s former Finance and Planning Minister M. Saifur Rahrnan charges that some microfinance institutions use excessive interest rates. In recent years, there has been increasing attention paid to the problem of interest rate disclosure, as many suppliers of microcredit quote their rates to clients using the flat calculation method, which significantly understates the true Annual Percentage Rate. All companies are members of the Association of Insurance and Reinsurance Companies, established in 1976. The Insurance Supervisory Authority (ISA) is the regulative body for the industry and considers the High Sharia Supervisory Board (HSSB) a very important subdivision. The role of the HSSB is to provide input on all Sharia related matters. Additionally, each insurer has its own Sharia Supervisory Board (SSB). Although Sudan was the first Takaful industry, it is still small but growing. Over the period of 2001-2005 the industry saw an average growth rate of 22% in terms of premium income in 2006. With the advent of Islamization of the banking sector in Sudan, Government Musharaka Certificates and Central Bank Musharaka Certificates have since dominated the Sudanese financial sector. The market for Islamic instruments and government securities, however, remains shallow and an organized international Islamic financial market is not yet fully fledged. The rationale for not giving enough research attention to area of women is related to another point
Chapter 2
2-3 Poverty

In this section the researcher will review firstly poverty general then poverty in Africa, preceded by poverty in Sudan finally we tackle the echo of poverty of women generally, which indicate the need of women sector to access microfinance as an attempt to alleviate poverty.

Poverty is the lack of basic human needs, such as clean water, nutrition, health care, education, clothing and shelter, because of the inability to afford them. This is also referred to as absolute poverty or destitution. Relative poverty is the condition of having fewer resources or less income than others within a society or country, or compared to worldwide averages. About 1.7 billion people live in absolute poverty; before the industrial revolution, poverty had mostly been the norm. Poverty reduction has historically been a result of economic growth as increased levels of production, such as modern industrial technology, made more wealth available for those who were otherwise too poor to afford them. People/households with an income below a certain threshold level irrespective of their standard of living. Poverty is defined to include low level of income, the absence of medical care, poor sanitation, the absence of good drinking water, illiteracy, the inability to participate effectively in decisions that affect an individual’s life directly; and the lack of security and protection from crime. Also, investments in modernizing agriculture and increasing yields is considered the core of the antipoverty effort, given three-quarters of the world’s poor are rural farmers. Today, continued economic development is constrained by the lack of economic freedoms needed] Economic liberalization includes extending property rights, especially to land, to the poor, and making financial services, notably savings, accessible. Inefficient institutions, corruption and political instability can also discourage investment. Aid and government
support in health, education and infrastructure helps growth by increasing human and physical capital. Before the industrial revolution, poverty had been mostly accepted as inevitable as economies produced little, making wealth scarce. In Antwerp and Lyon, two of the largest cities in Western Europe, by 1600 three-quarters of the total population were too poor to pay taxes. In 18th century England, half the population was at least occasionally dependent on charity for subsistence. In modern times, food shortages have been reduced dramatically in the developed world, thanks to agricultural technologies such as nitrogen fertilizers, pesticides and new irrigation methods. Also, mass production of goods in places such as China has made what were once considered luxuries, such as vehicles or computers, inexpensive and thus accessible to many who were otherwise too poor to afford them. Intensive farming often leads to a vicious cycle of exhaustion of soil fertility and decline of agricultural yields. Approximately 40% of the world’s agricultural land is seriously degraded. In Africa, if current trends of soil degradation continue the continent might be able to feed just 25% of its population by 2025, according to UNU’s Ghana-based Institute for Natural Resources in Africa. Health care can be widely unavailable to the poor. The loss of health care workers emigrating from impoverished countries has a damaging effect. For example, an estimated 100,000 Philippine nurses emigrated between 1994 and 2006. There are more Ethiopian doctors in Chicago than in Ethiopia. Overpopulation and lack of access to birth control methods drive poverty the world’s population is expected to reach nearly 9 billion in However, the reverse is also true, that poverty causes overpopulation as it gives women little power to plan childhood, have educational attainment, or a career. Female Poverty in the U K has a female face this fact can be clearly seen in the high rates of poverty amongst female-headed households. Older hay (57%) of all Lo he parent households are poor. Older, single women have 24% chance of living in
poverty. The combination of racism and sexism makes black and minority ethnic women particularly vulnerable to poverty. Many women poverty is hidden in poor household's women often deny them basically, such as food in order to protect their families form consequences of poverty. Women are more likely to experiences persistent poverty, more than one fifth of women, have persistent low income, compared to men. Liming in persistent poverty denies women opportune to bun lid searing and assets to fall back on in time of hardship. This affect accumulates for older women and results in extensive poverty. Economic inactivity is major route into poverty. This also true for women. But women face additional poverty wish as are result of their lower admiring powers caring responsibilities and changing family structure. women's poverty is also, closely linked to that of children. The government will not reach its target of eradicating child. Street children are sleeping in Mulberry Street - Jacob Riis photo New York, United States of America (1890) Homeless people living in cardboard boxes in Los Angeles, California. The unwillingness of governments and feudal elites to give full-fledged property rights of land to their tenants is cited as the chief obstacle to development. This lack of economic freedom inhibits entrepreneurship among the poor. New enterprises and foreign investment can be driven away by the results of inefficient institutions, notably corruption, weak rule of law and excessive bureaucratic burdens. Lack of financial services, as a result of restrictive regulations, such as the requirements for banking licenses, makes it hard for even smaller micro savings programs to reach the poor. It takes two days, two bureaucratic procedures, and $280 to open a business in Canada while an entrepreneur in Bolivia must pay $2,696 in fees, wait 82 business days, and go through 20 procedures to do the same. Such costly barriers favor big firms at the expense of small enterprises, where most jobs are created. In India before economic reforms, businesses had to bribe government
officials even for routine activities, which was a tax on business in effect. Corruption, for example, in Nigeria, led to an estimated $400 billion of the country’s oil revenue to be stolen by Nigeria’s leaders between 1960 and 1999. Lack of opportunities can further be caused by the failure of governments to provide essential infrastructure. Opportunities in richer countries drive talent away, leading to brain drains. This is mainly caused by richer countries’ restrictions on Freedom of Movement of the poor, uneducated class. Entry visas are granted with much higher probability to the rich and educated of developing countries. Brain drain has cost the African continent over $4 billion in the employment of 150,000 expatriate professionals annually. Indian students going abroad for their higher studies costs India a foreign exchange outflow of $10 billion annually. Poor health and education severely affects productivity. Inadequate nutrition in childhood undermines the ability of individuals to develop their full capabilities. Lack of essential minerals such as iodine and iron can impair brain development. 2 billion people (one-third of the total global population) are affected by iodine deficiency. In developing countries, it is estimated that 40% of children aged 4 and younger suffer from anemia because of insufficient iron in their diets. See also Health and intelligence. Similarly substance abuse, including for example alcoholism and drug abuse can consign people to vicious poverty cycles. Infectious diseases such as Malaria and tuberculosis can perpetuate poverty by diverting health and economic resources from investment and productivity; malaria decreases GDP growth by up to 1.3% in some developing nations and AIDS decreases African growth by 0.3-1.5% annually. War, political instability and crime, including violent gangs and drug cartels, also discourage investment. Civil wars and conflicts in Africa cost the continent some $300 billion between 1990 and 2005. Eritrea and Ethiopia spent hundreds of millions of dollars on the war that resulted in minor border changes. Shocks in the business cycle affect
poverty rates, increasing in recessions and declining in booms. Cultural
factors, such as discrimination of various kinds, can negatively affect
productivity such as age discrimination, stereotyping, gender
discrimination, racial discrimination, and caste discrimination. Max
Weber and the modernization theory suggest that cultural values could
affect economic success. However, researchers have gathered evidence
that suggest that values are not as deeply ingrained and that changing
economic opportunities explain most of the movement into and out of
poverty, as opposed to shifts in values. Again in a developed nation
council houses in Sea croft, Leeds, UK have been deserted due to poverty
and high crime. See also: Malnutrition the effects of poverty may also be
causes, as listed above, thus creating a “poverty cycle” operating across
multiple levels, individual, local, national and global. Hunger, disease,
and less education describe a person in poverty. One third of deaths -
some 18 million people a year or 50,000 per day - are due to poverty-
related causes: in total 270 million people, most of them women and
children, have died as a result of poverty since 1990. Those living in
poverty suffer disproportionately from hunger or even starvation and
disease. Those living in poverty suffer lower life expectancy. According
to the World Health Organization, hunger and malnutrition are the single
gravest threats to the world’s public health and malnutrition is by far the
biggest contributor to child mortality, present in half of all cases. Every
year nearly 11 million children living in poverty die before their fifth
birthday. 1.02 billion People go to bed hungry every night. Poverty
increases the risk of homelessness.1 there are over 100 million street
children worldwide. Increased risk of drug abuse may also be associated
with poverty. According to the Global Hunger Index, South Asia has the
highest child malnutrition rate of the world’s regions. Nearly half of all
Indian children are undernourished, one of the highest rates in the world
and nearly double the rate of Sub-Saharan Africa. Every year, more than
half a million women die in pregnancy or childbirth. Almost 90% of maternal deaths occur in Asia and sub-Saharan Africa, compared to less than 1% in the developed world. Women who have children born in poverty cannot nourish the children efficiently with the right prenatal care. They may also suffer from disease that may be passed down to the child through birth. Asthma is common problem children acquire when born into poverty. Great Depression: man lying down on pier, New York City docks, 1935. Research has found that there is a high risk of educational underachievement for children who are from low-income housing circumstances. This often is a process that begins in primary school for some less fortunate children. In the US educational system, these children are at a higher risk than other children for retention in their grade, special placements during the school’s hours and even not completing their high school education. There are indeed many explanations for why students tend to drop out of school. For children with low resources, the risk factors are similar to excuses such as juvenile delinquency rates, higher levels of teenage pregnancy, and the economic dependency upon their low income parent or parents. Families and society who submit low levels of investment’ in the education and development of less fortunate children end up with less favorable results for the children who see a life of parental employment reduction and low wages. Higher rates of early childbearing with all the connected risks to family, health and well-being are majorly important issues to address since education from preschool to high school are both identifiably meaningful in a life. Poverty often drastically affects children’s success in school. A child’s “home activities, preferences, mannerisms” must align with the world and in the cases that they do not these students are at a disadvantage in the school and most importantly the classroom. Therefore, it is safe to state that children who live at or below the poverty level will have far less success educationally than children who live
above the poverty line. Poor children have a great deal less healthcare and this ultimately results in many absences from the academic year. Additionally, poor children are much more likely to suffer from hunger, fatigue, irritability, headaches, ear infections, flu, and colds. These illnesses could potentially restrict a child or student’s focus and concentration. Slum-dwellers, who make up a third of the world’s urban population, live in poverty no better, if not worse, than rural people, who are the traditional focus of the poverty in the developing world, according to a report by the United Nations. Most of the children living in institutions around the world have a surviving parent or close relative, and they most commonly entered orphanages because of poverty. Experts and child advocates maintain that orphanages are expensive and often harm children’s development by separating them from their families. It is speculated that, flush with money, orphanages are increasing and push for children to join even though demographic data show that even the poorest extended families usually take in children whose parents have died. According to a UN report on modern slavery, the most common form of human trafficking is for prostitution, which is largely fueled by poverty. In Zimbabwe, a number of girls are turning to prostitution for food to survive because of the increasing poverty. In one survey, 67% of children from disadvantaged inner cities said they had witnessed a serious assault, and 33% reported witnessing a homicide. 51% of fifth graders from New Orleans (median income for a household: $27,133) have been found to be victims of violence, compared to 32% in Washington, DC (mean income for a household: $40,127). Unemployment and distance from rural areas are where most drug abuse occurs. Drug abuse can result in a community shouldering the impact of many nefarious acts such as stealing, killing, theft, sexual assault, and prostitution. Drug abuse is synonymous with poor performance in school & work, and a general malaise of intra-personal intelligence. People who have abused drugs and have spent all of
their money buying substances—i.e. heroin, alcohol, methamphetamines etc.—become addicts. This induces a downward spiral in the functionality of most addicts, as the drugs and poverty can be cyclical. When an addict has no other way to support their addiction they result to illegal measures to obtain income. This is where a community becomes affected by drug abuse. The poor are those whose expenditure (or income) falls below a poverty line. This chapter explains how poverty lines are constructed and discusses the strengths and weaknesses of defining poverty lines based on three methods: the cost of basic needs, food energy intake, and subjective evaluations. The construction of a poverty line is the most difficult step in the practical measurement of poverty. The cost of basic needs approach is most commonly used. It first estimates the cost of acquiring enough food for adequate nutrition—usually 2,100 Calories per person per day—and then adds the cost of other essentials such as clothing and shelter. When price information is unavailable, the food energy intake method can be used. This method plots expenditure (or income) per capita against food consumption (in calories per person per day) to determine the expenditure (or income) level at which a household acquires enough food. Subjective poverty lines are based on asking people what minimum income level is needed just to make ends meet. An absolute poverty line remains fixed over time, adjusted only for inflation, as in the United States. It allows the evolution of poverty over time to be tracked, and is also useful when evaluating the effects of policies and programs on the incidence of poverty. However, in most countries, poverty lines are revised from time to time, reflecting the evolution of social consensus about what constitutes poverty lines that are revised in this way allow relative poverty to be measured, but not absolute poverty. The choice of poverty line depends on the use to which it will be put: thus, for international comparisons, the $1/day standard is helpful, while for targeting programs or policies to the poor a relative poverty line suffices. The appropriate
choice of poverty line is a matter of judgment, and will therefore vary from country to country. Assume we have chosen a measure of household well-being, say, consumption expenditure. The next step is to choose a poverty line. Households whose consumption expenditure falls below this line are considered poor. The choice of poverty line depends in large measure on the intended use of the poverty rates. If the goal is to identify “the poor” for a targeted system of food subsidies, a line that generates a poverty rate of 60 percent, or of 2 percent, is unlikely to be helpful. In this sense, the poverty rate is indeed a social and policy construct, and appropriately. In many nations, GDP per capita is less than $200 U.S. per year, with the vast majority of the population living on much less. In addition, Africa’s share of income has been consistently dropping over the past century by any measure. In 1820, the average European worker earned about three times what the average African did. Now, the average European earns twenty times what the average African does. Although GDP per capita incomes in Africa have also been steadily growing, measures are still far better in other parts of the world, such as Latin America, which suffers from many of the same disadvantages. Poverty in Africa, Poor people are poor because markets fail them and governments fail them. That markets fail them is well-known (world bank, 2007). Failures in of finance their education; imperfect or nonexistent insurance markets mean that poor people will not get decent health care if left to fact that basic services such as water are necessities mean that markets will not ensure that poor people will get the services the once put it, “When you allocate resources by market prices, you discriminate against poor people.”To overcome these failures—that is, to protect the poor—governments step in. They finance and provide primary education and people can afford these services. Unfortunately, these well-intentioned government interventions lead to failures of their own. In workers in primary health centers are absent 37 percent of the time. Only one percent
of the money allocated to non-salary spending in Chat. Sometimes as
pernicious as the market failures they were intended to correct. They are
also difficult to overcome because various reform. One way to overcome
them may be to create a debate around these failures, to amplify the
voices of the poor, so that political Topic that bloggers worldwide are
writing about is “Poverty.” Let us hope this global movement that is
based on information-market and government failures so that poor
people around the world can escape poverty. In many parts of Africa's the
production of food depends upon the intense of manual labor of elated
family. When laze areas of Africa are dislocated by was especially on
Southern Sudan where a war of ethane dean sing Wage or adults die from
the scourge of Adis Fields cannot be lies worked many especially the
women are forced to depend upon hard outs of food unbreakable wither
can also aggravate the situations nearly one third of children of such-
Saharan Africa are underweight “sources mices" Over $500 billion (U.S.)
has been sent to African nations in the form of direct aid. The consensus
is that the money has had little long term effect (world bank, 2007). To be
fair, many corrupt governments often do better than authoritarian ones
that replace them. Ethiopia is a good case study. Under Haile Selassie
corruption was rife and poverty rampant. However, after his overthrow,
corruption was lessened, but then famine and military aggressiveness
came to the fore. In any event, corruption both diverts aid money and
foreign investment (which is usually sent to offshore banks outside of
Africa), and puts a heavy burden on native populations forced to pay
bribes to get basic government services. In the end, foreign aid may not
even be helpful in the long run to many African nations. It often
encourages them not to tax internal economic activities of multi-national
corporations within their borders in order to attract foreign investment In
addition, most African nations have at least some wealthy nationals, and
foreign aid often allows them to avoid paying more than negligible taxes.
As such, wealth redistribution and capital controls are often seen as a more appropriate way for African nations to stabilize funding for their government budgets and smooth out the boom and bust cycles that can often arise in a developing economy. However, this sort of strategy often leads to internal. The largely black population earlier wished to learn English (black South Africans saw it as a way to unite themselves as they speak several different native languages). The greatest mortality in Africa arises from preventable water-borne diseases, which affects infants and young children greater than any other group. The principal cause of these diseases is the regional water crisis or lack of safe drinking water primarily stemming from mixing sewage and drinking water supply. Much attention has been given to the prevalence of AIDS in Africa. Africans 3,000 die each day of AIDS and an additional 11,000 are infected. Less than one percent is actually treated. However, even with the widespread prevalence of AIDS (where infection rates can approach 30% among the sexually active population), and Clean potable water is rare in most of Africa (even those parts outside the sub-Saharan region) despite the fact that the continent is crossed by several major rivers and contains some of the largest freshwater lakes in the world. However, many of the major population centers are coastal and few major cities have adequate sewage treatment systems. Although boiling water is a possibility, fuel for boiling is scarce as well. The problem is worst in Africa’s rapidly growing cities, such as Cairo, Lagos and Kinshasa. Colonialism concentrated on joining the coast with internal territories. As such, nearly none of Africa’s roads and railways connects with each other in any meaningful way. Joining Africa’s extensive railway network has recently become a priority for African nations outside of southwest Africa, which has an integrated network. Transportation between neighboring coastal settlements is nearly always by sea, no matter what the topography of the land in between them. Even basic services like
telecommunications are often treated the same way. For example, phone calls between Ghana and neighboring Côte d’voire once had to be routed through England and France. Although Africa had numerous pre-European overland trade routes, few are suitable for modern transport such as trucks or railways, especially when they cross old European colonial borders. Despite other hot spots for war, Africa consistently remains among the top places for ongoing conflicts, consisting of both long standing civil wars (e.g., Somalia and conflicts between countries (e.g., Ethiopia and Eritrea’s border wars after the latter’s independence from the former). Despite a lack of basic social services or even the basic necessities of life, military forces are often well financed and well equipped. As a result, Africa is full of refugees who are often deliberately displaced by military forces during a conflict, rather than just having fled from war torn areas. Although many refugees emigrate to open countries such as Germany, Canada and the United States the ones who do emigrate are often the most educated and skilled. The remainder often becomes a burden on neighboring African nations that, while peaceful, are generally unable to deal with the logistical problems refugees pose. Civil war usually has the result of totally shutting down all government services. However, any conflict generally disrupts what trade or economy there is. Sierra Leone which depends on diamonds for much of its economic activity, not only faces disruption in production (which reduces the supply), but a thriving black market in conflict diamonds which drives down the price for what diamonds are produced.

**Sudan poverty**

Sudan is one of the parent countries of the world, most of population lives in unbelievable hard conditions, and one of the Sahel countries Sudan is Local in the Saharan desert. Hard climate conditions and lack of national resources were always repressible for the poor life conditions, but the country’s political in stability and internal conflict has increased
poverty. To escape the difficult conditions, many people filed the country; the people of relative wealth in Sudan live in Khartoum, Port Sudan and near Nile River where conditions are bit better. According to the [human Development] Report 2000, 26.6 % of pop is not expected to service to more than 40 year of age. Comparatively, in Egypt the number only 9.9, and on Chira 7.7. The early death of so many Sudanese can be traced to the violence but also the lack of basic necessities. About 27 percent of pop do not have access to sake water in Egypt 13 percent. 30% have no access to health finance (in Egypt 1 percent) for children and the age of 5-34 Percent we underweight (in Egypt 12 percent). Population. Below poverty life 40% (2004, EST) Source CIA world fact book When considering the vulnerability of those households by occupation in the three farming systems, the results were almost similar to what has been determined elsewhere Farming occupation is a source of vulnerability to poverty and food insecurity in Sudan, given the present situation of agricultural business and development efforts paid by the government. The vulnerability of households to poverty and hence to food insecurity is higher among those who indulge in crop production in the traditional sector of Sudan. Those who are engaged in crop production in the irrigated sector are not much better off, since almost 60% of the total farmers in this category are considered as poor. It seemed that the situation is a little better off in the case of the commercial mechanized farming systems, as the percentage of those depending on agriculture alone are almost of equivalent economic status as those who distribute their sources of income between on farm and off-farm occupation Livestock ownership is a social and cultural undertaking in mo of the developing countries of Africa, and the Nile Basin region. They provide prestige and express wealth. However, they can be good sources of assets in coping with natural hazards and disasters. Livestock owners, especially if they have cropping lands, are supposed to be in a better shape
compared to those who grow crops only. Taking the results, it is clear that livestock owners in the traditional areas are more vulnerable to poverty and food insecurity than in the irrigated and the commercial mechanized rain-fed farming systems. It appears that the livestock owners in the irrigated and the commercialized farming systems have the capacity of providing an assured source of water and feed compared to the traditional livestock owners. Community culture and knowledge level determines the degree of involvement by its members. Members of a household participate in the development of mitigation opportunities, as a risk preparedness tool. Such culture is built through different magnitude of interactions within a context of community perceptive definition of hazards and underlying causes of occurrence. Therefore, ritual norms and believing formulated in a form of custom or religions determine the traditions, culture and social knowledge of the individuals. Perception of moral values and ethics bound a community strength and weaknesses in social setups. Such perceptions constitute the basis for roles that may be undertaken by members of the household. By and large, in many societies the division of labor within the household takes into consideration physiological needs of the family, besides the pros and cons of the optimal use of its human resources. This optimal use depended on the level of reliability on the individual to fulfill the assigned role. In rural settings, divisions are very clear, with the male population fulfilling the work loads of masculine nature and provide physical and social protection. Moreover government trade policies that monopolized major export crops grown in rural areas had an apparent effect on deepening poverty thus adversely influencing the livelihoods of those traditional households. Both factors had direct impact on income poverty whereby people lost their main sources of income. Because rural population has no other sources of income to turn to it quickly relegated to state of sticky poverty. However, poverty is not confined to rural populations only. The
last three decades of the last century witness drastic decrease in the Inc of city and town dwellers especially fixed income groups. Government employees' salaries have gone down by more than seventy percent because of inflation and hyperinflation incident in some of the Nile Basin countries. As result, what has been encrypted middle class has almost disappeared and its members were reduced to the poverty line. The focus is always based on income-food poverty only. However, poverty has another dimension that is capability Poverty. When people fail to produce a variety when facing change condition, then they are caught in a state of capability poverty. Developing societies are largely so. Their state of development reflects that case. While income-food poverty combat measures are relatively specific and short term, capability poverty is stickier and requires long-term solutions. However, the case of rural and income poverty is more complex in some Nile Basin countries. Where local production sales of systems fail to provide sustenance people fall back on savings, their assets and animals or dependence on food relief and external assistance. They are simply caught in the cycle of impoverishment and deprivation. Conventional means of measuring economic progress such as GNP/GDP capita is not comprehensive to express Food Poverty Vulnerability situation in a country, but they remain useful indicators to characterize and compare Poverty situation at local and regional levels. Household and sub-regional data may be combined to produce poverty maps showing the geographic location of vulnerable groups. This information, together with a detailed assessment of resources and analysis of the vulnerability processes prevailing in Ethiopia, Kenya, and Sudan, shall determine the areas of interventions and strategy of Food Poverty Vulnerability to be adopted by SDBS/ENSAP to change the situation in the three countries. The estimated total labour force was about 60 million in 2003, of which 40 percent were women. The agricultural labour force constituted about 75
percent of the total labour force in the three countries. By contrast, Ethiopia had the largest labour force accounting to almost half of the total labour force among the three countries. Ethiopia and Kenya also, have higher women participation in the workforce. Low participation of women in the labour in Sudan may be a result of cultural barriers, mass movement into urban areas and limited opportunities for employment of women compared to the other two countries. Rural agricultural activities dominate the livelihood and household income sustenance in the Eastern Nile Basin Countries. Using the scanty secondary data about the level of poverty in the three countries, it was observed that the people living under the national poverty line range between 40 percent to a little bit over 50 percent of the total population of the respective countries. Food security status is determined by the combination of household food availability, access and utilization. In Sudan, given climate extremes and insecurity food availability is a crucial component for a household food security status. Although the majority of agricultural output in Sudan comes from small subsistence farms, crop production in the north lends increasingly to depend on larger mechanized and irrigated farms. Nonetheless, household crop production is the main food supply both in southern and Northern Sudan. Nutritional situation of children in Sudan is characterized by unusually high wasting (or global acute malnutrition-GAM) prevalence, often above the 15 percent level due to interaction of poverty, poor access to water and Sanitation, and high disease prevalence (diarrhea, malaria, etc.) factors (CFSVA, 2007). Food balance situation in the Region as an indicator of food security situation depicts high dependence on commercial food imports as in the case of Sudan and Kenya and on food aid for the three countries all together. Per capita consumption of cereals in Sudan ranged between 120 kg/year/person and 150 kg/year. It can be observed from that grain consumption has been steadily increasing during 1999-2004.
While imports almost doubled between 1999/2000 and 2000/2001 it remained stable after that period. The use of food grain balance in Sudan indicates self-sufficiency in production of sorghum and millet but import two thirds of wheat consumption in normal years. Food-self sufficiency had not exceeded 60% in most of the years concealing wide variation among different regions/states in Sudan. North Darfur, North Kordofan, Red Sea States are common food deficient producing areas throughout. The situation is becoming more serious in all Darfur States due to civil conflict. During droughts and other disasters, such as civil conflicts, the country depends on food aid from the WFP and other donors, shows large imports of wheat accounting to 1.2 million tons for the year 2006/2007 and all most self sufficiency of sorghum and millet, the main stable crops 6 traditional households in the Sudan. Food insecurity in Sudan is fundamentally a rural problem. However, food insecurity situations also prevail in the peripheries of large towns among urban poor and IDPs. About 8.4 million people (30% of the total population) are estimated to have low food intake. Background The lack of sustainable access to financial services for low-income people in Sudan has been identified by the government and other major actors as one of the core constraints to poverty alleviation in Sudan. Following the signing of the 2005 Comprehensive Peace Agreement, microfinance has been endorsed by the Government of National Unity and the Government of Southern Sudan as a central component of their poverty reduction strategies. Implied that if all countries would had financial sectors in 1990 equal to the current average, there would have been an additional yearly per capita GDP growth of 0.7-0.9 percentage points. So in principle, financial development alone could lead to growth rates close to about half of the gap needed to cut world poverty in half by 2015. Financial Development Reduces Poverty. There is also direct evidence that financial development is associated with a lower poverty ratio. A recent study analyzing the
relationships between levels of financial development and poverty finds that a 10-percentage point increase in private credit to GDP reduces poverty ratios by 2.5-3 percentage points. This effect persists even when GDP per capita is taken into account, suggesting that besides raising income levels, financial development also works via a reduction in inequality by broadening the opportunity of all to participate in productive economic activities.
CHAPTER-3

3-1-The experience of other countries in microfinance:

In this section of chapter three we attempt to highlight the experiences of some countries in the world generally and especially the experiences of Ghana as experience of LDCs to take lessons which may pave the way to Sudanese women as it is in the legging of the way. So we will take. The experience of newzeland as developed countries and then the experiences of South Asia. India' Pakistan, Bangladesh, Silence, and the lastily Tackle in to Bolivia as different experiences. Newzealands women and microfinance by clairo-Massy and Kate Lanus Newzealand centre for small medium enterprise research massy university. Prepared for ministry of women's affairs 2003As has already been noted, there is an overall lack of literature on women and micro-finance in the context of developed countries. Even less has been written about the topic in New Zealand, and what has been written is often anecdotal, lacking in a robust methodology or too dated to be of much value as an underpinning for the current project. As a way of balancing this absence, the researchers had a secondary objective: to identify what is occurring in New Zealand in terms of the delivery of microfinance to women. The non-academic literature provided much of this material, which was also supplemented by information from the key informants. The objective was not to provide a comprehensive listing of all the agencies and/or the programmes that they offered (as this is adequately described elsewhere), but to list the key organizations involved in the provision of micro-finance to women in New Zealand at this time. There are a number of organizations that provide microfinance to women in New Zealand. These are chiefly non-governmental organizations and/or membership based (although many of the programmes they provide are made possible through funding from government agencies), and while
some focus on women quite specifically, others treat women as just one of their client groups. For example, in the publication Sources of capital available to SMEs in New Zealand (Te Puni Kokiri, 1994; Ministry of Commerce, 2000) there are a number of sources identified specifically for women (often classed as ‘ethical investment’ organizations). This publication also offers practical guidelines for those seeking to obtain finance. Other individuals or government departments have also published guides or directories that contain suggestions for women on where to obtain finance (for example by water & Holy, 1990 & MWA, 1994). Some of the key organizations include the following: The Federation of Business and Professional Women is encouraging its network of women’s clubs to help extend its loan fund around the country. The fund makes interest-free loans of between $50 and $1500 to women who might not be able to borrow from banks. It also offers budgeting advice and mentoring support (“Fund aims”, 1999). The Women’s Loan Fund was started in Wellington in 1992 and the intention of the fund is to “provide loan money at no interest for women who would otherwise, not have access to affordable credit” (Women’s Loan Fund Network, 1998). Since its inception the model has been taken up in some 14 other New Zealand locations (and in New South Wales). Much has been written about the various branches of the fund, for example the Invercargill Women’s Loan Fund, which was set up by the Wise Women Network to provide alternative funding for women: “We are not in competition with normal business funding. The fund also provides mentoring in conjunction with loans. Maori Women’s Development Inc. (which now also lends to men) has been operating since the mid 1980s, with a particular focus on enabling Maori women to attain economic sovereignty”. Their focus is on lending amounts below $20k and on facilitation services. In addition to those listed, a number of loan funds also lend to women as one of their client groups. These include the
Ne/son Enterprise Loan Trust that provides small business finance for people unable to get bank loans ($5,000 limit, average loan is $3,500), the Poutama Trust and the Pacific Business Trust. After the 1984 election there was a radical shift in focus for governmental initiatives. Instead of attempting to identify points at which government could assist to address specific groups and their needs, the focus shifted to identify points of market failure. For some years the consequence of this philosophy was a lack of policies and programmes that were seen as having the potential to overlap with those that could be provided by the market. The provision of finance was one of those areas in which the market was seen to be the natural ‘provider’ and despite the severe downturn for the financial service industry that followed the 1987 stock market crash, there continued to be a lack of focus on the area by government agencies. This stance began to change in the mid 1990s, and over the term of the current government there has been a noticeable acceleration in the implementation of programmes that address various supply issues regarded as constraining economic growth. For example, the BIZ programme provides a number of services (mainly training) to individuals operating SME and women are a specific target group of this programme. New research from the Fawcett Society has revealed an apparent paradox with women and debt. While women owe much less money than men, they are more likely to struggle with debt. Some groups of women are experiencing particular difficulties - young women, mothers (particularly lone mothers), women who have been through relationship breakdown and Black and Mixed Race women. Looking at issues such as how much money do women owe compared to men? What type of debts do women and men have? ‘Who struggles most to pay bills and debts? What can be done to avoid and deal with debt problems? For many years, pensions for women have been quite simply a scandal. The Government amounted its proposals for changing the
pensions system - including measures aimed at making pensions fairer for women. Literature prepared for the 1997 Microcredit Summit, donor policy’ documents and NGO funding proposals all present an extremely attractive vision of increasing numbers expanding, financially self-sustainable microfinance programmes reaching large numbers of women borrowers. Innovations in some programmes point to a range of ways in which microfinance’s contribution to empowerment can be increased as of. Many women have limited control over income and/or what little income they earn may substitute for former male household contributions, as men retain more of their earnings for their own use. Women often have greater workloads combining both production and reproductive tasks. Women expenditure decisions may continue to priorities men and male children, while daughters or daughters-in-law bear the brunt of unpaid domestic work, and where women actively press for change, this may increase tensions in the household and the incidence of domestic violence.

The situation in New Zealand

The researchers gathered information on the situation in New Zealand by identifying relevant printed material (research reports, academic articles and newspaper and magazine articles) as well as by seeking the opinion of individuals involved at a policy or practitioner level with the provision of services related to women and/or micro-finance. This enabled them to map’ the New Zealand situation, using a framework developed by the International Lab our Office to explore the relationship between policy and practice and the way in which these relate to the needs of the client group. Women are more averse to risk and consequently demand fewer, smaller loans. Low-income women prefer other types of financing over debt for business purposes Women own less property and consequently are less likely to meet collateral requirements. Application procedures can require the co-signature of the husband, which increases transaction
costs? Two examples of developed countries that have actively explored the relevance of micro-finance programmed are the UK (and the USA. In America, according to The Economist (“From sandals”, 1997), there are 300 or so micro-credit programmes. This level of activity has resulted in a strong practitioner base that provides a forum for discussion on issues such as policy and good practice, and which provides a mechanism for lobbying government agencies. For example Shaft, Painter and Tang (1999) described the outcomes of micro-credit programmes in America as ‘decidedly mixed’ and pointed out that outreach was limited (i.e. did not make many loans and had capital sitting unused) and overhead costs high (i.e. administrative costs outweighed the value of the portfolio). An alternative (although related) perspective on women and micro-finance comes from the literature that addresses micro-finance as an instrument in enabling women to become self-employed and establish businesses. In this context much of the research focus has been on women who are already in business, rather than on those who may be intending to be (i.e. often described as ‘nascent entrepreneurs’). The perceived barriers to women starting enterprises are an ongoing area of emphasis; in particular the issue of financial disadvantage. Economic conditions have also made African women vulnerable to infection as women are forced into prostitution to survive. These women are forced to choose between starvation and infection. This is hardly a choice. In order to halt the spread of AIDS, women must be empowered to make decisions about their own bodies and be able to resist religious, cultural and economic pressures to engage in unprotected sex Female empowerment in Africa faces challenges from the strict interpretations of religion. Islam and Christianity are the two main religions in the region. The implementation of Sharia law in Somalia and Sudan has further limited women’s rights in the continent. Example of empowered women can make a political difference in Nigeria is currently facing violence from Islamic militants
who are calling for the implementation of Sharia law throughout the country backgrounds increasingly play a bigger role in global politics but they are still woefully underrepresented in the leadership of the chief political and economic institutions. The World Trade Organization does not have ‘a strong tradition of placing women in important positions’ with very few women having been appointed to the head of a department. The UN has never had a female Secretary-General. However, the decisions made by these international bodies directly affect the lives of women. The work of UNIFEM in the promotion of women’s rights has been invaluable but the international community must expand its efforts to advance human rights. The rise of human trafficking, the spread of AIDS and the stagnation of the African economy will have a direct impact on the international community unless their causes are addressed more aggressively. It would be impossible for Africa to develop and respond to these problems without a healthy, educated and empowered female community. Therefore, the world must take a more active role in the promotion of women’s rights to ensure that African women can take part in the debate about Africa’s future. There is an old saying that behind every great man, there is a great woman. Behind Africa’s men, there are great women with the potential to offer an insight into the solutions required for the continent. Africa just needs to allow them to participate in progress. Indeed; the concept of microfinance is not new in Ghana. There has always been the tradition of people saving and/or taking small loans from individuals and groups within the context of self-help to start businesses or farming ventures. For example, available evidence suggests that the first credit union in Africa was established in Northern Ghana in 1955 by Canadian Catholic missionaries. However, Susu, which is one of the microfinance schemes in Ghana, is thought to have originated from Nigeria and spread to Ghana in the early twentieth century. Over the years, the microfinance sector has thrived and evolved into its current
state thanks to various financial sector policies and programmes undertaken by different governments since independence. Among these are: Establishment of the Agricultural Development Bank in 1965 specifically to address the financial needs of the fisheries and agricultural sector; Establishment of Rural and Community Banks (RCBs), and the introduction of regulations such as commercial banks being required to set aside 20% of total portfolio, to promote lending to agriculture and small scale industries in the 1970s and early 1980s; Shifting from a restrictive financial sector regime to a liberalized regime in 1986; Promulgation of PNDC Law 328 in 1991 to allow the establishment of different categories of non-bank financial institutions, including savings and loans companies, and credit unions. The policies have led to the emergence of three broad categories of microfinance institutions. These are: Formal suppliers such as savings and loans companies, rural and community banks, as well as some development and commercial Semi-formal suppliers such as credit unions, financial nongovernmental organizations (FNGOs), and cooperatives; Informal suppliers such as, Susus collectors and clubs, rotating and accumulating savings and credit associations (ROSCA and ASCAs), traders, moneylenders and other individuals. In terms of the regulatory framework, rural and community banks are regulated under the Banking Act 2004 (Act 673), while the Savings and Loans Companies are currently regulated under the Non-Bank Financial Institutions (NBFI) Law 1993 (PNDCL 328). On the other hand, the regulatory framework for credit unions is now being prepared, and this would recognize their dual nature as cooperatives and financial institutions. The rest of the players such as FNGOs, ROSCAS, and ASCAs do not have legal and regulatory frameworks. Programmes currently addressing the sub-sector in Ghana include the Financial Sector Improvement Project, Financial Sector Strategic Plan (FINSSP), the Rural Financial Services Project (RFSP), the United Nations
Development Programme (UNDP) Microfinance Project, the Social Investment Fund (SIF), the Community Based Rural Development Programme (CBRDP), Rural Enterprise Project (REP), and Agricultural Services Investment Project (ASSIP). Microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and services. Microfinance is thus one of the critical dimensions of the broad range of financial tools for the poor and its increasing role in development has emanated from a number of key factors that include the fact that the poor need access to productive resources, with financial services being a key resource, if they are to be able to improve their conditions of life; The realization that the poor have the capacity to use loans effectively for income-generation, to save and re-pay loans; The observation that the formal financial sector has provided very little or no services to low-income people, creating a high demand for credit and savings services amongst the poor; The view that microfinance is viable and can become sustainable and achieve full cost recovery; The recognition that microfinance can have significant impact on cross cutting issues such as women’s empowerment, reducing the spread of HIV/AIDS and environmental degradation as well as improving social indicators such as education, housing and health. Studies have shown that microfinance plays three broad roles in development: It helps very poor households meet basic needs and protects against risks, by providing material capital to a poor person, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society (Otero, 1999)? The aim of micro-finance according to Otero (1999) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to
create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. Littlefield and Rosenberg (2004) argue that the poor are generally excluded from the financial services sector of the economy so MFIs have emerged to address this market failure. By addressing this gap in the market in a financially sustainable manner, an MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach (Otero, 1999). More recently, commentators such as Littlefield, Murduch and Hashemi (2003), Simanowitz and Brody (2004) and the IMF (2005) have commented on the critical role of micro-credit in achieving the Millennium Development Goals. According to Simanowitz and Brody (2004, p.1), micro-credit is a key strategy in reaching the MDGs and in building global financial systems that meet the needs of the most poor people.” Littlefield, Murdoch and Has hemi (2003) state “micro-credit is a critical contextual factor with strong impact on the achievements of the MDGs. Micro-credit is unique among development interventions: it can deliver social benefits on an ongoing, permanent basis and on a large scale”. However, some schools of thought remain skeptical about the role of micro credit in development. For example, while acknowledging the role micro credit can play in helping to reduce poverty, Hulme and Mosley (1996) concluded from their research on micro-credit that “most contemporary Schemes are less effective than they might be”. The authors argued that micro-credit is not a panacea for poverty-alleviation and that in some cases the poorest people have been made worse-off. This notwithstanding, microfinance has emerged globally as a leading and effective strategy for poverty reduction with the potential for far-reaching impact in transforming the lives of poor people. It is argued that microfinance can facilitate the achievement of the Millennium
Development Goals (MDG5) as well as National Policies that target poverty reduction, empowering women, assisting vulnerable groups, and improving standards of living. As pointed out by the former UN Secretary General Kofi Annan during the launch of the International Year of Micro Credit (2005), Sustainable access to micro finance alleviates poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs.” (Kofi Annan, December 2003). Although microfinance is not a panacea for poverty reduction and its related development challenges, when properly harnessed it can make sustainable contributions through financial investment leading to the empowerment of people, which in turn promotes confidence and self-esteem, particularly for women.

The main goal of Ghana’s Growth and Poverty Reduction Strategy (GPRS II) is to ensure “sustainable equitable growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized, democratic environment”. The intention is to eliminate widespread poverty and growing income inequality, especially among the productive poor who constitute the majority of the working population. According to the 2000 Population and Housing Census, 80 of the working populations are found in the private informal sector. This group is characterized by lack of access to credit, which constrains the development and growth of that sector of the economy. The upward-trending NBFI’s credit to individuals, small businesses, groups and others indicates marked improvements in level of microfinance in the country. The Rural and Community banks also play a very important role in microfinance in the country. These banks were established specifically to advance loans to small enterprises, farmers, individuals and others within their catchment areas. The structure and key microfinance stakeholders in Ghana consist of the following: Microfinance Institutions, including
generally, there is paucity of information on microfinance institutions, their operations and clients in the country. Approaches to and methodology for data and information gathering at the national level are not uniform, making it difficult to centrally monitor progress of the sub-sector. The current of attempt to develop a national data bank on microfinance is yet to be fully realized. There is a lack of well defined reporting system by both the government and development partners with regards to their interventions. The outcome is inadequate data base for decision-making and planning. At the institutional level, data/information gathering and dissemination are weak within and between institutions. The lack of common benchmarks, methods for measuring and information sharing further inhibits the performance of the sub-sector. Lack of adequate and reliable information on outreach in terms of its depth and breadth remains one of the most daunting in the sub-sector. This lack of information has affected targeting of clients and ultimate poverty reduction. In all, the potential economic benefits of sustainable microfinance in Ghana are compelling, and its potential effects on the development process cannot be understated. This calls for a holistic approach, as discussed to facilitate the development of the microfinance sub sector and thereby unleash its potential for accelerated growth and development. Moreover, micro enterprises owned by women have been considered as a way to meet primary needs instead of a profitable source of income. Unfortunately, labour markets have followed this perception and have offered less favorable conditions to women. Women workers consistently earn less than their male partners do. That is the case of Cameroon women who work, for example, up to 10 hours a day, but at the end of the month, their income is far below the Cameroon monthly minimum wage of 29000 CFA francs (US$ 60). Women have had to fight against an adverse environment, which traditionally had been minimizing and exploiting their capacities. As a consequence of this reality, in some
cases, women are just satisfied with the non-financial benefits, such as the psychological satisfaction of “social contact”. They are small in size and have loose, informal structures, require very little start-up capital, and little or no formal education. On the other hand, many women entrepreneurs in the developing world remain illiterate and live in poor rural communities. Businesswomen in developing and countries share the following general characteristics: They are concentrated in market sectors that have low barriers to entry and low levels of outside communication (transfer to other markets). They focus on trade, services, and light manufacturing activities their businesses are smaller than others, employing less than five employees. Business growths strategies are affected by household responsibilities. Owners tend to have lower levels of education and literacy. Women start their enterprises with less professional work experience and knowledge of their sector than their male counterparts. Term objectives could emphasize eliminating institutional constraints which limit women’s access to productive resources, creating social, technological, and economic mechanisms to reduce conflicts between women’s productive and reproductive roles, as well as defining strategies to address traditional and legal barriers that hamper or preclude the active participation of women in the productive sectors of the economy Centre for Financial Literacy (CCFL), housed in the School was launched on September 10th, 2005. It is dedicated towards spreading Financial Literacy, which is one of the niche areas of the School. The main objective of CCFL is, “spreading Financial Literacy amongst the poor, especially women by building their financial awareness, knowledge and skill to enable them to manage their finances and thereby making them financially self-reliant and provide them better and secured future”. The School works with 17 partners to spread financial literacy. The mandate of the School, based in Ahmadabad, is to work nationally and internationally. Currently the School works with
partners throughout India. The School’s uniqueness stems from being one of the first institutions drawing upon the best of the indigenous knowledge and the expertise to a common forum, from where it can be disseminated and made available for the microfinance sector. To emerge as a unique school, to strengthen and spread microfinance as a strategy for poverty alleviation through development of appropriate knowledge and skilled human resources: Enhance the capacity of Provide thrust to microfinance practice and thinking. The sector Provide thrust to microfinance practice and thinking. Access to financial services is important in raising the standard of living of the poor and the underserved segments of society. In almost every part of the world, Limited access to finance is considered a key to private sector growth. This is especially true in developing countries; where people have little influence over policy reforms and where financial sector development often benefits the rich disproportionately. In countries seeking to develop financial markets, it is important to monitor and measure the level of access to finance. This knowledge provides a more balanced picture of financial outreach. Hence, it helps policy makers and regulatory authorities better target their development efforts. Because the collection of data for the corporate governance analysis was confined to this simple questionnaire, the observations on corporate governance in this report should be viewed as preliminary at best. South Asian authorities actively pursue financial reform measures to build stable financial systems that are resilient to economic shocks. In this process, they have pursued many things-including policy changes, technological changes, market infrastructure improvements, and prudential guideline revisions-that would ensure safety and soundness of the financial system through greater transparency and accountability. They have initiated action to implement Basel II capital frame work in the near future so that banks are able to strengthen the link between regulatory capital and risk management. Furthermore,
all South Asian countries have attempted to introduce corporate governance guidelines. The positive effects of these reforms are discernible. On access to finance, Sri Lanka ranks at the top (0.93 of the composite) score followed by Bangladesh, India, Pakistan, and Nepal. Over the six-year period, Sri Lanka improved its financial outreach by providing physical access to financial services and encouraging their use. Except for geographic branch penetration, Sri Lanka leads in all access indicators. Access is lowest in Nepal. On financial stability, India leads the region denoting superior capital position, better liquidity management, and improved credit quality-followed by Pakistan, Sri Lanka, Bangladesh, and Nepal. All countries except Nepal recorded higher CARs. Pakistan has the best provisions ratio. Nepal still faces negative regulatory capital and its liquidity position should be monitored to avoid a collapse of market liquidity.

**The Role of Microfinance in South Asia**

Because of comparability and data issues, the analysis is limited in coverage to commercial banks and ignores a range of other deposit-taking financial institutions, such as post office savings schemes, cooperative banks, microfinance institutions, and so on. Therefore, the interpretations and the general applicability of the findings on access to finance dimension is limited only to the commercial banking sector. Including international banks like ABN Amro and City Also, several local and international social investment funds offering debt and equity products are active in India, something that has not taken off elsewhere in the region. But even in India, aside from the bank-SHG model, which has its own special characteristics, evidence of mainstreaming remains limited to a relatively small part of total outreach. In some countries, major impediments need to be removed before an inclusive financial sector can develop. In Sri Lanka, especially, the dominating presence of a large government subsidized microfinance programs impedes the growth of
well-managed MFIs and even commercial banks that want to enter the sector. In Pakistan, most nongovernmental organizations (NGO), MFIs, and microfinance banks are not profitable, and they do not charge interest rates that would support profitable operations, largely because they still receive significant donor and government funded subsidies. Recently in India, competition between subsidy-oriented government programs and MFIs has resulted in coercive pressure by a state government on financially sustainable MFIs to lower interest rates to unsustainable levels. The message this gives to banks that might otherwise consider retail products for microfinance is obvious, Reforms are needed to remove impediments of this kind before a healthy, inclusive financial sector will be able to emerge.

Poverty Reduction Strategy: The Grameen Bank Experience

Profitable and sustainable financial intermediation is possible with the poor, who are otherwise excluded from the formal credit system because of lack of collateral, and poverty reduction is possible through targeted credit. This is the key finding of an ongoing study of the Grameen Bank conducted jointly by the World Bank and the Bangladesh Institute of Development Studies. This study uses aggregate and branch-level data of Grameen Bank for 1985 through 1993 to determine how the Bank operates, at what cost, and whether its program is sustainable and replicable. Graeme’s Relicability: The group-based lending is replicable in other countries where the market failure requires credit to be targeted but the existing financial institutions cannot be used to deliver credit.

Rowena is a member of the Grameen Bank a world-renowned microcredit institution in Bangladesh. Her story was recorded by Aminur Rahman a doctoral student in anthropology at the University of Manitoba who, in 1994, set out to examine how the Bank has improved the lives of women. Instead, he uncovered some disturbing findings: out of the 120 female borrowers in his study, 70% reported an increase in verbal and physical
aggression from male relatives after taking out loans. And while their loans were intended to help them earn income, most of these women were reduced to “middle men,” borrowing money on behalf of their spouses or male relatives. These results were “totally the opposite of what I expected. It was a shock,” says Rahman, who was partly funded by the International Research Development Centre under the Young Canadian Researcher Award program. Although the Grameen Bank is hailed as a Bangladeshi success story for extending loans to poor rural women, he notes that “there are still many borrowers who become vulnerable and trapped by the system. They are unable to succeed.” As of 1994, the Grameen Bank had loaned more than US$1 billion to 2.02 million members, 94% of whom were women. Today, its 1,046 rural branches serve more than half of the villages in the country. Besides providing credit to those who lack physical collateral, the Bank’s programs are designed to achieve social goals such as raising living standards and improving women’s status in society. Violence can also erupt if a woman does not get a loan or receives a smaller loan than expected. Rabman cites the example of Yuri*, whose application for a second loan was effectively vetoed by another member, Rani*. Yuri’s husband beat her and then confronted Rani, which brought Rani’s husband into the dispute. In the end, both families suffered physical injury. “The examples of Rowena and Yuri suggest that women become victims of violence primarily because of their powerlessness in society,” says Brahman. “In the household they are powerless in relation to their husbands and in the loan centers they are powerless before influential members and bank workers who are mostly men.” Despite his findings, Brahman does not count himself among the Bank’s critics, noting that it has proved responsive to recent demands for change. He believes that micro-credit is an effective tool for development, if used properly. In the Grameen Bank’s case, he recommends that women only be allowed to borrow an
amount of money that they themselves can manage. The Bank should also ensure, through closer supervision, that they use the money themselves. “The Bank has a really good objective but there is a gulf between its philosophy and its field realities,” he concludes. Micro-credit and micro-enterprise are becoming central elements of development initiatives and Rahman hopes that his research findings will help improve project palming while stimulating discussion and generating new research on the impact of micro-credit programRecent evidence has shown a strong link between financial sector development and the reduction of poverty. The channels through which this occurs are multiple and include access to payments, savings, credit, and insurance services. Empirical evidence at the country, firm, and household levels has confirmed the importance of these channels for reducing Existing detailed studies of empowerment, mainly in Bangladesh, have used different definitions of empowerment and different methods of investigation and reached rather different conclusions, even about the same organizations. Nevertheless Despite the patchy nature of information, and debates about the impact of particular organizations, it is clear that: Many programmes have had negative as well as positive impacts on women. Where women have set up enterprises this has often led to small increases in access to income at the cost of heavier workloads and repayment pressures. In many cases the loans have been used by men to set up enterprises over which women have little control. In some cases they have been employed as unpaid family workers with little benefit. In others there have been indirect benefits and improvements in various aspects of women’s well-being as a result of greater recognition of their role in the household and community. In some cases women’s increased autonomy has been temporary and led to withdrawal of male support. In some programmes there are increasing fears that women’s small increases in income are leading to a decrease in male contribution to certain types of household
expenditure. In some contexts schemes mainly benefit women who are already better off in others poorer women are freer and more motivated to use credit for production. In most cases the poorest women are by-passed in both individual and group-lending programmes or is least able to benefit because of their initial low resource base, lack of skills and market contacts. There are also individual differences between women from similar background and within the santé industries. Khan Bank now operates a network with 379 points of service throughout Mongolia, greater than any of the other 16 banks operating in the country (and up from 269 when new management took office). Today, one of two Mongolian households is reportedly a client of Khan Bank, and it seems to continue to expand its branch network and services (World Bank 2006b). Research shows that more competition in the banking system can foster greater access to financial services, including from microfinance institutions. For microfinance, it appears that access for the poor or the near-poor is worse in countries with higher GDP per capita, abstract: this research provides an overview of micro finance industry in Pakistan. In this working paper researcher identify some major issues that prove a stumbling block for the outreach but the researcher never goes through about the details that why these problems are and how to solve these in order to increase the outreach of micro finance in Pakistan. In Indonesia, micro finance approaches can be categorized into 4 kinds. Financial mobilization is based on capacity of the poor. It is also membership based; of which membership and participation are crucial aspects. Some forms of institutions within the communities are: self-help groups (SHG5), Credit Union (CU), Koperasi Simpan Pinjam/KSP (savings and credit cooperative), etc. The main source of finance is not from saving mobilization of the poor but from other source intended for the poor. Therefore, considerable amount of fund is needed for the poor through credit service, such as Badan Kredit DesaIBKD (rural credit association),
Lembaga Dana Kredit Pedesaan/LDKP (rural credit financing institution), Grameen Bank model, ASA model, and it refers to banking sector designed to conduct micro finance services. It includes BRI (People’s Bank of Indonesia) and BPR (rural banks). Moreover, BRI is acknowledged as the giant of micro finance institution (Bank) in the world. It is on the basis of operating the existing institutions! Both informal social organizations, that is often called Kelompok Swadaya Masyarakat KSM (self-help group) and formal finance institutions (bank). The two different natures of institutions are organized and linked based on mutual symbiosis and benefits. Bank will get greater number of clients (outreaching), while the poor can get access to financial support. In Indonesia, it is widely recognized as Pola 1-lubungan Bank Dan Kelompok Swadaya Masyarakat/PHBK (Bank-Self-Help Groups Linkage) in 1988. Considering various kinds of micro finance in Indonesia, eventually it is often called as micro finance laboratory in the world, and great need of development, a forum to develop micro finance is required. The objective of the forum is to build micro finance as industry to reach the poor widely. For that reason, Gema PKM (The Indonesian Movement for Microfinance Development) as a forum consisting of 7 stakeholders, i.e., government, finance institutions, NGO5, private sector, academicians/researchers, mass organizations, and funding institutions. Gema PKM was declared before the President of Indonesia in 2000. Gema PKM has main target to serve 10 million poor families on 2005. And through various efforts, in the year of 2004 Gema PKM nearly reached the target to give financial services for more than 9 million poor families. As mentioned above, although we will reach our goal, we acknowledged what we have achieved is still far from the demand of micro enterprises. Only less than 25% of micro enterprises can be served through micro finance institutions. BASIX is currently redesigning the project after the pilot and preparing it for relaunching.
Credit, life, and funeral insurance: A WOCCU study on savings and credit cooperatives (SACCOs) in Kenya indicates that I-IIV/AIDS poses high levels of risk to rural finance institution soundness. The Cooperative Insurance Company (a professional insurance provider, insures over half of Kenya’s more than one million credit union members who subscribe to policies through their credit unions. The National Microfinance Bank in Tanzania (NMB) was created to retain the extensive rural branch network of the National Bank of Commerce (NBC) when it was privatized in 1997. The key to making it commercially viable has been rigorous control of costs through drastic simplification of the business model and tight managerial oversight. Key initiatives have been correct pricing of products, particularly payments and remittance services, which had traditionally been cross-subsidized by other product lines, and the development of microfinance products, mainly small (average US $400) individual loans thoroughly evaluated its PDA (Personal Digital Assistants) program and recorded dramatic improvements. Client retention improved significantly, and the number of days between application and disbursement dropped from five days to two days. Expenses for paperwork dropped by 60% and data entry expenses dropped by 50%. Loan officer caseloads and other productivity measures increased by about 35% international NGO The Techno serve has developed an inventory credit scheme in Ghana that enables farmers’ groups to obtain higher value for their crops by providing post-harvest credit through linkage with a rural financial institution. Instead of selling all of their crop at harvest - when prices are lowest - in order to meet cash needs, small-scale farmers in the scheme store their crop in a cooperatively-managed warehouse and receive a loan of about 75-80% of the value of the stored crop, which serves as collateral. This loan permits them to clear their accumulated debts and satisfy immediate cash requirements. Then, when prices have risen in the off-season, the farmers
either sell the stored crop or redeem it for home consumption. Brazil specializes in agricultural lending, primarily for the production of rice, wheat, beef, fodder, fish, and vegetables and for agricultural equipment. Loan approvals are based upon the members’ savings history and credit record, with the size limited to 50 percent of production costs and dependent upon the potential return of crop sale at harvest as well as household income and debt obligations. The borrower makes monthly interest payments and then a balloon payment of the principal at harvest time. In addition, SICREDI participates in the PROAGRO national crop insurance, for which a premium is added on the loan rate. PROAGRO pays 100% of the loan loss if the crop fails. In Mozambique: GAPI offers investment and working capital loans to fora (federations of associations). Loans are secured through a solidarity group-like guarantee between the participating fora. Each forum on-lends to its member associations, who collect the produce from their individual members and other area farmers and deliver it to the forum in return for the loan. About 80% of the profits from the sale of produce are handed back to the associations - the remaining 20% of the profits are kept by the forum as interest payments. In South Africa, network of 8,000 armored trucks equipped with thumbprint recognition and smart-card technology deliver pension payments of about $60 each month to 4.5 million South Africans. The potential of this vast infrastructure to offer pensioners other kinds of financial services is tremendous. In Brazil, a joint venture between the Post Office and the largest private bank (Bradesco) has offered banking (and payment) services through its network of postal branches in remote and poor areas of the country since March 2002. Traditionally, banks have not provided financial services, such as loans, to clients with little or no cash income. Banks incur substantial costs to manage a client account, regardless of how small the sums of money involved. The fixed cost of processing loans of any size is considerable as
assessment of potential borrowers their repayment prospects and security administration of outstanding loans. There is a break-even point in providing loans or deposits below which banks lose money on each transaction they make. Poor people usually fall below that break-even point. A similar equation resists efforts to deliver other financial services to poor people. In addition, most poor people have few assets that can be secured by a bank as collateral. As documented extensively by Hernando de Soto and others, even if they happen to own land in the developing world they may not have effective title to it. This means that the bank will have little recourse against defaulting borrowers. Seen from a broader perspective, the development of a healthy national financial system has long been viewed as a catalyst for the broader goal of national economic development. However, the efforts of national planners and experts to develop financial services for most people have often failed in developing countries, for reasons summarized well by Adams, Graham & Von Pischke in their classic analysis ‘Undermining Rural Development with Cheap Credit. Because of these difficulties, when poor people borrow they often rely on relatives or a local moneylender whose interest rates can be very high. An analysis of 28 studies of informal money lending rates in 14 countries in Asia, Latin America and Africa concluded that 76% of moneylender rates exceed 10% per month, including 22% that exceeded 100% per month. Moneylenders usually charge higher rates to poorer borrowers than to less poor ones. While moneylenders are often demonized and accused of usury their services are convenient and fast, and they can be very flexible when borrowers run into problems. Hopes of quickly putting them out of business have proven unrealistic, even in places where microfinance institutions are active.
CHAPTER THREE

SECTION- 2

3-2 the importance of microfinance to women:

Why it is important to finance women in Khartoum Sudan. Women and women related issues are one category that has not been given the deserved research attention. To sees the plight of women who heading family. The drought and the war impact in women are great and the migration of men recently and previously urban area. The produce for the society a big Number of women Headed Family, those women sometime uneducated unskilled and they involve in economy as produces sometimes selling food a tea sometimes clothes. Some of them (Elwathig Kamier, et al, 1985) Working as wage labor on Hairdressers or in the Houses. Those women who work as producer or seller need to be financed to cover them to manage the Small enterprises. Access to financial services is important in rarity the standard of living of the poor and the under severed segment, of society. It almost every part of the world, Limited access to finance is considered a key constraint to private sector growth and women dependency so the system needs a reform where the financial sector often benefits. The rich disproportionately, so it is important to monitor and measure the level of access to finance their one of the objective of this study. Over the past year, prices of even the most basic foods have become too expensive for the world; poor. The research of the families are enduring extreme hunger or starvation particularly women and children. What role should governments play in providing basic necessities? And who fills that gap when government and private companies fall short. After 2007 -2008 bread crisis in Egypt hight lights the many ways that women compensate when governments and others can’t supply basic needs such as health care, allocator and social services. Governments must step up so women don't Hence to step in women and microfinance poor women in particular benefit for
microfinance services, women's status both in their homes and their communities is devoted whom they are responsible for margin loans and savings. The ability to generate and control their own income can further exposure women's. The Indian school of microfinance for women stated in June 2003 it's an institutional in microfinance where. Particularly the case where there is an implicit (and in some cases explicit) prioritization of donor interests. Impact on empowerment cannot be inferred from take-up of financial services or repayment levels. Women may repay through taking loans elsewhere and getting into serious debt. As noted above, loans may be controlled by men. Sonic researchers have expressed concerns that women’s microfinance programmes may be merely using women as unpaid debt collectors mediating between development agencies and male family members, increasing their dependency on men and or conflicts between women to fulfill repayment targets (e.g. Goetz and Sen. Gupta 1996 Nooponen 1990). The overriding concern with repayment rates puts further pressures on groups to exclude those likely to experience greatest problems i.e. the poorest (Hulme and Mosley 1996 Montgomery 1996 Nooponen 1990). Some cases increased funding for large organizations has led to squeezing out of smaller organizations in the same area who may have been challenging gender subordination on a wider basis (Am and Lily 1992 Ebdon ‘1994). The degree to which this is a result of women’s own decision to switch allegiance because of better credit terms, or because of pressure from men to get access to credit while maintaining their own power. Is unclear, in some cases adoption of this approach has led to cutbacks in support services? There are dangers that the concern with short term cost-efficiency may jeopardise long term organizational and client sustainability. Long-term sustainability requires both attention to developing the skills, earning capacity and empowerment of clients and institutional learning which may entail substantial costs in the short term (Johnson and Rogaly 1996). In view of these potential
disbenefits to women, there is an urgent riced for evaluation of the impact of programmes on women’s empowerment. We know very little about the relative numbers of women within most programmes who benefit or fail to benefit, who these women are, or the contextual and organizational factors influencing this. Importantly for most women in most programmes it is likely that the contribution of microfinance services to empowerment could be enhanced through a combination of changes in the way services are delivered; more effective support services; or linkage with services provided by other agencies including organizations challenging gender subordination directly. Impact evaluations are likely to be more reliable and have clearer relevance for policy if they are clearly linked to the development of a more comprehensive framework for participatory planting. Women's needs in relation to microfinance is diverse, context-specific and change over time (Johnson and Rogaly 1996). Evidence also indicates differences between women within programmes and between women and development agencies about the aims of microfinance programmes. (Mayoux 1997a, c). Many poor people need and use financial services all the time. They save and borrow, invest in home repairs and improvements and meet occasional and domestic expenses such as food and school fees. However, there are some 500 million low income entrepreneurs in the world and about 5% have access to financial services. Indeed, the financial services available to the poor often have serious limitations in terms of cost, risk and convenience. As a result, over time, microfinance has come to include a broader range of services (credit, savings, insurance, etc.) as the industry has come to realize that the poor and the very poor that lack access to traditional formal financial institutions require a variety of financial products. Microcredit came to prominence in the 1980a, although subsidized credit programs to targeted communities date back to the 1950s and early experiments in Bangladesh, Brazil and a few other
countries began in the 1970s. The important difference of microcredit was that it avoided the pitfalls of an earlier generation of targeted development lending, by insisting on repayment, by charging interest rates that could cover the costs of credit delivery and by focusing on client groups whose alternative source of credit was the informal sector. Emphasis shifted from rapid disbursement of subsidized loans to prop up targeted sectors towards the building up of local, sustainable institutions to serve the poor. Microcredit has largely been a private (non-profit) sector initiative that avoided becoming overtly political, and as a consequence, has outperformed virtually all other forms of development lending. Indeed, since the 1980s, microfinance programs have improved upon original methodologies and extended beyond conventional thinking. First, microfinance demonstrated that poor people, and especially women, had excellent repayment rates (and often, rates that performed better than those in formal financial sectors). And second, that the poor were willing and able to pay interest rates that would allow the microfinance institutions (MFIs) to cover costs. Traditionally microfinance was focused on providing a very standardized credit product. The poor, just like anyone else, need a diverse range of financial instruments to be able to build assets, stabilize consumption and protect themselves against risks. Indeed, in many developing countries, self-employment through microenterprise is often the only way to provide for families and the local environment. Thus, we see a broadening of the concept of microfinance--our current challenge is to find efficient and reliable ways of providing microfinance to unite range of poor and especially women's. The typical microfinance clients are low-income persons that do not have access to formal financial institutions. Their “microenterprises represent an estimated 80% of the total enterprises in the world 50%, of urban enterprises and 20% of the GNP of their countries. In rural areas, they are usually small farmers and others who are engaged in small income-
generating activities such as food processing and petty trade. Access to conventional formal financial institutions, for many reasons, is inversely related to income: the poorer you are the less likely that you have access. The poor often obtain financial services from informal financial relationships - credit can be available from commercial and non-commercial lenders, but often at very high interest rates; saving services can be available through savings clubs, credit associations and the like. As a result, the chances are that, the poorer you are, the more expensive or onerous informal financial arrangements. Moreover, informal arrangements may not suitably meet certain financial service needs or may exclude you anyway. Individuals in this excluded and under-served market segment are the clients of microfinance. Microfinance generally targets poor women because they have proven to be reliable credit risks and when they have the financial means, they invest that money back into their families, resulting in better health and education, and stronger local economies. By providing access to financial services - loans and responsibility for repayment, maintaining savings accounts, providing insurance - microfinance programs send a strong message to households and communities. Studies have shown that women become more assertive and confident, have increased mobility, are more visible in their communities and play stronger roles in decision making. As the definition of the types of services microfinance encompasses broadens; the potential market of microfinance clients also expands. For instance, microcredit might have a far more limited market scope than say a more diversified range of financial services which includes various types of savings products, payment and remittance services, and various insurance products. For example, many very poor farmers may not really wish to borrow, but rather, would like a safer place to save the proceeds from their harvest as these are consumed over several months by the requirements of daily living. In March 2008, the FWA approved
scholarship grants to two leading microfinance institutions to enable their women leaders from outside the United States to participate in their U.S.-based training programs, which were developed with two key business schools. Macro to Micro: Performance of Microfinance Investments (May 2009) This sold-out event addressed issues of how microfinance institutions on the ground were faring and what specific regional differences have emerged as well as how investors are reacting. Panelists According to the State of the Microcredit Summit Campaign 2001 Report, 14.2 million of the world’s poorest women now have access to financial services through specialized microfinance institutions (MFIs), banks, NGOs, and other nonbank financial institutions. Begin by examining some of the theories and assumptions behind the targeting of women for microfinance and the resulting implications for empowerment. Drawing on the studies and experiences of microfinance institutions in Africa, Asia, and Latin America, the paper looks at what evidence is known about impact on women, in terms of both welfare and empowerment. While acknowledging that there is no set of indicators of empowerment that can be applied universally across cultures and regions, we present evidence of several types of changes that are relevant and important for empowerment across a range of cultures. The impact on women achieved by Sinapi Aba Trust (SAT), Opportunity International’s partner in Ghana. Based on that study and the experiences of other MFIs, we identify several programmatic factors and strategies that can make a positive contribution to women’s empowerment and holistic transformation, including business training, discussion of social issues, support and advice for balancing family and business responsibilities, experience in decision making and leadership, and ownership and control of the credit institution. A number of other areas related to empowerment merit further research but could not be addressed in the scope of this paper; these include empowerment indicators and measurement.
techniques, the contribution of micro insurance and savings to empowerment, technology Gender quality Effect: Financial Services May Empower Women Leading to Women Household Health Care. Research shows that women take better care of their children and spend more of their household budget on improving household welfare than men do. Hence, financial services that empower women will indirectly contribute to better house. Hold health conditions. Because there are so many and quite general channels between financial development and education, it can be more useful to look at micro-evidence from case studies. There is, indeed, ample case study evidence that credit programs have a positive effect on the education of children (Barnes, et al, 2001). For example, microcredit in Bangladesh had a significant impact on children’s schooling, especially for boys. The increase in boys’ schooling was statistically significant for three credit variables (female credit from RD-12, female and male credit from Grameen Bank). For girls’ schooling, a statistically significant increase—was shown for one only (female credit from Grameen Rank). The largest and most precisely estimated credit effects on both boys’ and girls’ schooling were obtained for the effects of female credit obtained from Grameen Bank. At the mean, a 1 percent increase in Grameen Bank credit provided to women increased the probability of school enrollment by 1.9 percent for girls and 1.4 percent for boys. In comparison, at the mean, percent increase in male credit from Grameen Bank increased boys’ school enrollment by 2.8 percent, with no impact on girls’ schooling. 1 percent increase in credit to women from RD-12 had the largest impact on boys’ school enrollment, 3.1 percent, and no significant impact on girls’ schooling. Thus, for both Grameen Bank and RD-12, female credit seems to benefit boys more than girls in terms of school enrollment. The financial services mainly benefit gender equality through boosting female income generating activities. In the country-level analysis, when the study indicators that pertain to both
education and participation in the labor force, we do not find any association between financial development and the improvement of gender equality. Possibly the relationship is more complex, non-linear, and influenced by other, cultural phenomena. Income Effect: Finance Can Contribute to General Female Independence. Supporting case study evidence - using household surveys and specific interventions suggests, however, that there are beneficial causal impacts of financial development on these MDGs. Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organized groups. Although no ‘magic bullet’, they are potentially a very significant contribution to gender equality and women’s empowerment, as well as pro-poor development and civil society strengthening. Through their contribution to women’s ability to earn an income these programmes have potential to initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment. Micro-finance services and groups involving men also have potential to question and significantly change men’s attitudes and behaviours as an essential component achieving gender equality. Targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s. This was the result of a number of factors: Women’s human rights: official commitments to gender equity and gender mainstreaming on the part of most governments, donor agencies, NGOs and the Microcredit Summit Campaign itself. Poverty reduction: increasing evidence that not only are women overrepresented amongst the poorest people, but are also more likely than men to spend their incomes on the welfare of children and dependents Literature prepared for the international and regional Microcredit Summits from 1997, many donor statements on credit and NGO funding proposals present an extremely attractive vision of increasing
numbers of expanding, financially self-sustainable micro-finance programmes reaching large numbers of poor women borrowers. Donor funding for micro finance has generally been conditional on compliance with some variant of CGAP’s Guidelines for Best Practice aiming at financial sustainability. Gender ‘Best Practice’ must also be integral to micro-finance design rather than a marginal and marginalized add-on to financial sustainability or poverty reduction. There is also a need for innovation to ensure that access translates into a significant and sustainable contribution to women’s empowerment. Different women have very different needs, even though they are often subject to similar forms of discrimination and disadvantage. Some are extremely successful businesswomen, others are labourers struggling to raise a family on their own or with a violent husband but still capable with support to improve their situation with appropriate savings and credit. Innovation in product design to respond to women’s needs and change rather than reinforce gender inequalities. Innovation in cost-effective provision of non-financial services. Commitment to internal gender policy to ensure organizational capacity to realize the full potential of micro-finance to empower women. Microfinance approach is based on certain proven truths which are not always recognized. These are: That the poor are bankable; successful initiatives in micro finance demonstrate that there need not be a tradeoff between reaching the poor and profitability - micro finance constitutes a statement that the borrowers are not ‘weaker sections in need of charity, but can be treated as responsible people on business terms for mutual profit. That almost all poor households need to save, have the inherent capacity to save small amounts regularly and are willing to save provided they are motivated and facilitated to do so That easy access to credit is more important than cheap subsidised credit which involves lengthy bureaucratic procedures - (some institutions in India are already lending to groups or SHG5 at higher rates - this may
prevent the groups from enjoying a sufficient margin and rapidly accumulating their own funds, but members continue to borrow at these high rates, even those who can borrow individually from banks). The typical microfinance clients are low-income persons that do not have access to formal financial institutions. Their “micro enterprises” represent an estimated 80% of the total enterprises in the world, 5 of urban enterprises and 2 of the GNP of their countries. Microfinance clients are typically self-employed, often household-based entrepreneurs. In rural areas, they are usually small farmers and others who are engaged in small income-generating activities such as food processing and petty trade. In urban areas, microfinance activities are more diverse and include shopkeepers, service providers, artisans, street vendors, etc. Microfinance clients are poor and vulnerable non-poor who have a relatively stable source of income. Access to conventional formal financial institutions, for many reasons, is inversely related to income: For example, a review of women’s participation in technical training institutions in Latin America found that men predominated in the formal training system which prepared the trainees for the “formal” sector, whereas women predominated in short-term technical courses with a concentration in the service sector. Low income women were excluded even from the short term technical training alternatives (McKean, 1952). In the author’s study of women trainees in West Bengal, women were present only in a narrow range of training courses in handicrafts. Their participation in training courses in “male skills” had not been considered by either the administration or the women themselves (Mayoux, 1953a). From the early 1980s these training programmes were heavily criticized for merely continuing to confine women to a narrow range of skills in low-paid activities (see e.g. Rogers, 1954). Many of these programmes failed to attract poorer women except where a substantial stipend was offered, and of those women who did participate few subsequently engaged in any
form of independent income generating activity. For example, in the author’s research in West Bengal, although many courses were nominally for poor women, they were attended predominantly by better-off women from upper caste groups. This was because the ways in which registration procedures operated in practice, the timing of courses and the particular skills taught were seen as particularly problematic by many poor women. At the same time there was high demand from upper caste groups because these particular skills were seen as an asset on the marriage market (Mayoux, 1955a). Change in product or market. Some industries employing large numbers of women, such as textiles, have been identified as offering considerable export potential (Downing, 1990). Even on a smaller scale some increase in incomes may be possible in traditional handicraft skills within local or national markets (Mayoux, 1988a; see also boxes 8 and 11). As discussed in more detail below, it is therefore not only a question of which particular skills are being taught, but the ways in which they are taught. From the mid-1980s, attention increasingly switched to marketing skills and later to entrepreneurship training more generally. This concern with business training is not totally new. Since the late 1970s some NGOs had been devising more participatory forms of business training for women. In the 1970s as well, USAID sponsored the Carvajal Programme. It aimed to build on the practical experience of the micro-entrepreneur and to use training, followed by credit and business extension, to change attitudes towards business management (McKean, 1956). In Africa, particularly East Africa, NGO courses often built on the experience of earlier participatory group training approaches for women’s groups. This change was consonant with the increasing attention to micro-enterprises for women within the large donor agencies like USA and the World Bank. It was also in line with the increased attention to issues of efficiency and market realism within NUOs and other donor agencies. In addition to a wide
ranging general literature on business skills for small-scale entrepreneurs (e.g. Harper, 1957), there are an increasing number of training manuals dealing specifically with women’s business skills. These training courses have worked either with individual women or with women’s groups. They vary widely in the levels of pre-training screening. Some explicitly target poor but “more enterprising women” who may be illiterate but still have contacts and resources on which they can call (e.g. Kraus Harper and Harper, 1958). Others are aimed much more at groups of poor and illiterate women who are already working or involved in women’s groups, attempting to make these groups more profitable (e.g. lock head, 1990). The record of such courses is rather mixed. In the case of Carvajal, for example, although there was high initial drop-out rates, those entrepreneurs who remained experienced impressive rates of increase in income and good levels of loan repayment (McKean, 1989). Tototo Home Industries in Kenya also appears to have had a positive effect on the profits of participating women’s groups (Walsh et al., 1991). However, other studies of general training programmes accompanying credit provision in Latin America concluded that although in some cases some enterprises benefited, the training programmes were often of questionable value and that managerial extension had little impact. For example, Tendler’s study of the Northeast Union of Assistance to Small Business (UNO) found that the courses and advice offered to clients had little. We’ve long known that women’s incomes are lower than men. But what is about other aspects of financial wellbeing? Women’s savings are worth 33% less than men’s, according to new research from the Fawcett Society. This gender savings gap is even bigger than the much better documented 17% gender pay gap. Fawcett’s research uncovered a worrying picture: women’s saving is much more likely to be disrupted than men’s by life events such as childbirth or divorce. What stops women from saving as much as men? What times of their lives are
women and men saving the most/least? What could Government to encourage and enable women to save more? New research from the Fawcett Society has revealed an apparent paradox with women and debt. While women owe much less money than men, they are more likely to struggle with debt. Some groups of women are experiencing particular difficulties - young women, mothers (particularly lone mothers), women who have been through relationship breakdown and Black and Mixed Race women. How much money do women owe compared to men what type of debts do women and men have? ‘Who struggles most to pay bills and debts? What can be done to avoid and deal with debt problems? For many years, pensions for women have been quite simply a scandal. State pensions have been based largely on the number of years you have been in paid employment women have lost out. Because, women are more likely to take time out of work to do the valuable job of caring for family and because they are more likely to be low-paid and therefore not earn enough to make contributions. And women have generally done even worse on private pensions due to being less likely to be in work and have access to employer schemes and less able to contribute due to lower income. The Government has outlined its plans for Personal Accounts, pension savings accounts that all employees would have the right to be enrolled in and to which employers would have to contribute. In the 1990s microfinance targeting women became a major focus of gender policy in many donor agencies. Literature prepared for the 1997 Microcredit Summit, donor policy’ documents and NGO funding proposals all present an extremely attractive vision of increasing numbers expanding, financially self-sustainable microfinance programmes reaching large numbers of women

**Conclusion**

This chapter has reviewed in first section experience of other countries which investigate in the same topic, and how this study is different from
other studies. In the second section the research high light on the importance of the microfinance how it is important to women general discussed the research tackles to discuss the experience of other countries.
Chapter -4
Comparative study between the formal and informal financial institutions
(Case study: women in Khartoum State)

Statistical report:
The target population:

The target population is females who inhabit Khartoum State during the year 2013. According to Sudan 2009 census outcomes, the female population of Khartoum State is about 2.4742.97 inhabitants, applying annual growth rate of 3% Khartoum state projected female population for the year 2013 estimated to be 2.868.388 inhabitants. The below table shows the computations carried out to find the expected financed portion of the projected population.

Table No. (1): The estimated financed females in Khartoum State (2013).

<table>
<thead>
<tr>
<th>Targeted female population in Khartoum state, (2013)</th>
<th>Source of finance</th>
<th>Targeted portion</th>
<th>Estimated financed portion</th>
<th>total estimated financed portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2868388</td>
<td>bank</td>
<td>860516%30</td>
<td>.18*860516=154292</td>
<td>447467</td>
</tr>
<tr>
<td></td>
<td>organization</td>
<td>30%=860516</td>
<td>.34*860516=292575</td>
<td></td>
</tr>
</tbody>
</table>

Source: the study analysis.

The sample size:
The following formula is applied for obtaining the size of the random statistical sample representing the targeted female's population:

\[ n = \left( \frac{Z^2 \cdot S^2}{\hat{p} \cdot (1-\hat{p})} \right) \]

Where,

\( Z = \) standard error= (1.96)

\( S = \) standard deviation for the binomial distribution \( (P (1-P) =0.5*0.5) \)
E= risk factor

\[ n = \left( \frac{1.96^2 \times 0.5^2}{0.05^2} \right) \]

\[ N \approx 350 \]

Two stratum sizes are determined according to the proportions of the expected beneficiaries targeted to be financed (18% (formal) & 34% (informal)), thus the first strata size \( n_1 = 0.34 \times 350 = 121 \), & the second strata size \( n_2 = 0.66 \times 350 = 231 \).

**The questionnaire:**

The designed questionnaire is a 4 dimensions & 61 variables one.

**Table (2): Questionnaire's dimensions & variables.**

<table>
<thead>
<tr>
<th>Ser. No.</th>
<th>dimension</th>
<th>No. of variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Basic information</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Information about the finance</td>
<td>21</td>
</tr>
<tr>
<td>3</td>
<td>Information about the impact of the finance</td>
<td>29</td>
</tr>
<tr>
<td>4</td>
<td>The suggestions(open questions)</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>61</td>
</tr>
</tbody>
</table>

Source: the study analysis.

The external consistency of this questionnaire is thoroughly checked by selected authenticators, who finally approved it after the required amendments done as their raised suggestions. The questionnaire internal consistency & validity also checked by the researcher & found acceptable.

The following table shows the processes & arrangements taken while dealing with the questionnaires.

**Table (3): The questionnaires' processes.**

<table>
<thead>
<tr>
<th>Distributed questionnaires</th>
<th>Returned back questionnaires</th>
<th>Accepted questionnaires</th>
<th>Rejected questionnaires</th>
<th>Actually entered questionnaires</th>
</tr>
</thead>
<tbody>
<tr>
<td>375</td>
<td>350</td>
<td>312</td>
<td>38</td>
<td>312</td>
</tr>
</tbody>
</table>

Source: the study analysis.
The (SPSS) statistical program selected for carrying out the analysis of data.

The following statistical techniques applied for analyzing the data:
- The t-test.
- The \( \chi^2 \) Test.
- The analysis of variance (one-way ANOVA)

**Characteristics of sampled units:**

The following table shows the distribution of sampled units by type of finance.

**Table (4): Distribution of sampled units by type of finance.**

<table>
<thead>
<tr>
<th>Cumulative percent</th>
<th>percent</th>
<th>frequency</th>
<th>Type of finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>36.2</td>
<td>36.2</td>
<td>113</td>
<td>Formal</td>
</tr>
<tr>
<td>100.0</td>
<td>63.8</td>
<td>199</td>
<td>Informal</td>
</tr>
<tr>
<td>100.0</td>
<td>100.0</td>
<td>312</td>
<td>total</td>
</tr>
</tbody>
</table>

Source: the study analysis.
The following pie chart depicts the above-mentioned distribution.

**Figure (1): Distribution of sampled units by type of finance.**

Source: the study analysis

It is clear that the informal finance sampled units are almost twice the formal finance sampled units.

The following table shows the distribution of the sampled units by type of residence.
Table (5): Distribution of sampled units by type of residence.

<table>
<thead>
<tr>
<th>Cumulative percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td>35.9</td>
<td>35.9</td>
<td>112</td>
<td>Khartoum</td>
</tr>
<tr>
<td>65.4</td>
<td>29.5</td>
<td>92</td>
<td>Omdurman</td>
</tr>
<tr>
<td>100.0</td>
<td>34.6</td>
<td>108</td>
<td>Khartoum North</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis
The following pie chart depicts the above-mentioned distribution.

**Figure(2): Distribution of sampled units by type of residence.**

Source: the study analysis

It is obvious that there are no considerable differences witnessed between the sampled units from the three places of residence.

The following table shows the distribution of sampled units according to age groups.
**Table (6): Distribution of sampled units according to age groups.**

<table>
<thead>
<tr>
<th>Cumulative percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Age (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.0</td>
<td>9.0</td>
<td>28</td>
<td>More than 40</td>
</tr>
<tr>
<td>91.0</td>
<td>82.1</td>
<td>256</td>
<td>Between 30%-40</td>
</tr>
<tr>
<td>100.0</td>
<td>9.0</td>
<td>28</td>
<td>Between 20%-29</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>19&amp; less</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis
The following pie chart shows the above-mentioned distribution.

Figure (3): Distribution of sampled units according to age groups.

Source: the study analysis

It is obvious that the distribution of sampled units according to age group is a normal distribution, the majority of frequencies concentrated in the middle group (256 units) & the remaining frequencies shared by the other two groups (9 units each).

The following table shows the distribution of sampled units according to level of education.
Table (7): Distribution of sampled units according to level of education.

<table>
<thead>
<tr>
<th>Cumulative percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Education level</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.8</td>
<td>3.8</td>
<td>12</td>
<td>Illiterate</td>
</tr>
<tr>
<td>15.1</td>
<td>11.2</td>
<td>35</td>
<td>Basic</td>
</tr>
<tr>
<td>72.1</td>
<td>57.1</td>
<td>178</td>
<td>Secondary</td>
</tr>
<tr>
<td>96.2</td>
<td>24.0</td>
<td>75</td>
<td>University</td>
</tr>
<tr>
<td>100.0</td>
<td>3.8</td>
<td>12</td>
<td>High education</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis
The following pie chart shows the above-mentioned distribution.

**Figure (4): Distribution of sampled units according to level of education.**

Source: the study analysis

It is obvious that the distribution of sampled units according to level of education is a normal distribution, the majority of sampled units concentrated in the middle level (57%), the low levels (15%), and the high levels (28%).
The hypothesis of the study:
There is direct relation between financing women sector & the income improvement of women & rising of income of women family.

To study the relationship between finance (loan value in thousands s.£) & the status of family income after receiving this finance Pearson correlation coefficient is obtained. A very minor negative correlation between the two variables found, high levels of loan values correlated with high levels of family income, ( p> 0.05, N= 311, r = - 0.038. The following table shows this correlation results.

Table (8):
Correlation between loan value & family income after loan received.

<table>
<thead>
<tr>
<th>Status of family income after loan= high increase, medium increase, no increase</th>
<th>Loan value in thousands s.p.=small(1-5),medium(6-19),large (20 &amp; more),in kind</th>
<th>Pearson correlation Sig. (two tailed) N</th>
<th>Loan value in thousands s.p. =small (1-5), medium (6-19), large (20 &amp; more), in kind. Status of family income after loan= high increase, medium increase, no increase</th>
</tr>
</thead>
</table>
| - 0.038 0.509 311 | 1 312 | - 0.038 0.509 311 | |}

Source: the study analysis

The above result is in harmony with the result that there is a statistically highly correlated relation between microfinance & the increase of woman's income revealed by the study titled, "The effect of capacity building of women to alleviate family poverty – case study Khartoum state, 2010 ", submitted by Samia Ali Ahmed to obtain PhD. degree from Sudan University of science & technology.
Also it agrees with both theories and numerous empirical studies that suggest that better access to financial services improves incomes. Comparing the micro finance in formal financial institution & non-formal financial institution NGOs we find the non-financial institutions is more accessible.

To compare the difference of access to finance in financial & non-financial institutions a (t- test) is conducted for the two independent samples (formal finance & informal finance), a statistically highly significant difference is found, Leven test for equality of var. <0.05 unequal variances ass. ( t=-9.4,p=0.000,Mean(formal F.)= 1.769, Mean (informal F.)=84), difference is in favour of the informal finance because its mean is considerably higher than the mean of the formal finance (table (9) & (10).

To check if there is any significant statistical difference between the sampled units' age groups, education level and place of residence as concerns the received loans, a one-way analysis of variance test applied. A significant statistical difference is found between the means of received loans for sampled units as age groups (F =3.511, sig. =0.031) (table 11). A highly significant statistical difference is found between the means of received loans for sampled units as education levels (F= 9.680, sig. =0.000) (table 12). No significant statistical difference is found between the means of received loans for sampled units as place of residence (F= 0.359, sig. =0.699) (table 13).
Table (9): Descriptive statistics

<table>
<thead>
<tr>
<th>Std. Error Mean</th>
<th>Std. Deviation</th>
<th>Mean</th>
<th>N</th>
<th>Type of finance=formal, informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.05184 0.100</td>
<td>0.55112 1.41808</td>
<td>1.7699 2.8442</td>
<td>113 199</td>
<td>Received formal Loans informal</td>
</tr>
</tbody>
</table>

Source: the study analysis

Table (10): Results of the (t-test) of the two independent samples.

<table>
<thead>
<tr>
<th>Independent samples test</th>
<th>L. test of equality of var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>95% conf. limit of diff.</td>
<td>St. error diff.</td>
</tr>
<tr>
<td>upper</td>
<td>lower</td>
</tr>
<tr>
<td>-0.85</td>
<td>-1.25</td>
</tr>
</tbody>
</table>

Source: the study analysis

Table (11): ANOVA table for received loans (age Groups).

Received loans

<table>
<thead>
<tr>
<th>Sig.</th>
<th>F</th>
<th>Mean square</th>
<th>df</th>
<th>Sum of squares</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.031</td>
<td>3.511</td>
<td>5.726 1.631</td>
<td>2 309 311</td>
<td>11.452 503.92 515.372</td>
</tr>
</tbody>
</table>

Source: the study analysis
Table (12): ANOVA table of received loans (ed. Level).

Received loans

<table>
<thead>
<tr>
<th>Sig.</th>
<th>F</th>
<th>Mean square</th>
<th>df</th>
<th>Sum of squares</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0.000</td>
<td>9.680</td>
<td>14.430</td>
<td>4</td>
<td>57.721</td>
<td>Between education levels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.491</td>
<td>307</td>
<td>457.651</td>
<td>Within groups</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>311</td>
<td>515.372</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis

Table (13): ANOVA table for received loans (res. Groups).

<table>
<thead>
<tr>
<th>Sig.</th>
<th>F</th>
<th>Mean square</th>
<th>df</th>
<th>Sum of squares</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0.699</td>
<td>0.359</td>
<td>0.597</td>
<td>2</td>
<td>1.194</td>
<td>Between residence gp.s</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.664</td>
<td>309</td>
<td>514.178</td>
<td>Within groups</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>311</td>
<td>515.372</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis

Received loans

The above-mentioned results agree with the facts that most banks are not ready to lend the poor because they have few assets to serve as collateral. In many countries, the poor turn to informal microfinance institutions rather than to the formal. One estimate of small enterprises in India puts the proportion of informal borrowing by small enterprises at two thirds of the total credit used by this segment (Jain 1999). Some banks tried to overcome this situation by making partnerships with already existing institutions located in the areas they serve. One of the best examples in this concern is the ICICI in India (Nair & Von Pischke 2007); ICICI set up a large scale program of partnership with so-called self-help groups that practice group lending by merging with smaller banks that already have a network of 1200 self-help groups, ICICI was able to expand to 12000 such partnerships within three years.
In Nepal the 2006 Access to financial services survey was conducted. The survey was the first attempt to measure the Nepalese household's access to deposit, credit, and payment services, broken down by types of providers. Providers of financial services are grouped into two broad categories: formal and informal. Formal institutions are banks, finance companies, microfinance development banks, and financial NGOs and cooperatives—both licensed and not licensed by Nepal Rastra bank. Informal providers include family members, friends, moneylenders, hundi, dikhuti (informal institutions similar to rotating savings and credit associations), shopkeepers, landlords and employers. The survey covered 1710 households and was constructed to be representative of the entire country. Just 28% of Nepalese households have an account with or loan from a bank, another 25% have an account with or loan from a formal financial institution other than a bank, 28% rely solely on informal financial services and 20% are financially excluded—without services from the formal or informal financial sector.

Many microfinance institutions around the world have been quite creative in developing products & services that avoid barriers traditionally kept women from accessing formal financial services. These barriers include collateral requirements, male or salaried guarantor requirements, documentation requirements, cultural barriers, limited mobility & literacy. Nevertheless, in a number of countries & areas, few or no institutions offer financial services under terms & conditions that are favorable to women & Sudan is not an exception.

3- Access to credit & microfinance have considerable contact on poverty reduction: the solution of access to credit & microfinance motivate the formation of specific institutions & organizations to take care of women & accelerate their access to credit & the formation of cooperative
societies, which will empower women & improve the situation of neglecting.

It is obvious from the following tables that 28.5% of the sampled units invested in simple machines or household appliances or poultry or raising animals, 57.7% invested in production or sales or storage and 13.8% invested in construction or repair of houses (table 18). As regards hiring of labor 51% agreed that their project labor increased, 9.6% agreed that it decreased, 39.4% agreed that there is no change (table 19). As regards source of labor 81.4% agreed that they employ family labor, 9.6% employ hired labor, 8.3% employ other types of labor and 0.6% only depend on themselves (table 20). As regards the utilization of project profits 44.6% agreed that they use their project profits in investment, 37.5% in consumption, and 14.4% in saving, only 3.2% in other purposes (table 21).

On the other hand a statistically insignificant correlation is witnessed between the variable value of loan & each of the other 4 variables, field of investment (r = 0.033, sig.0.557), project labor (r =0.054, sig. =0.338), type of labor (r = 0.108, sig. = 0.036), usages of project profits (r = 0.082, sig. =0.147) (table 22).

**Table (14): Distribution of improvement in family nutrition by yes or no.**

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
<th>Improvement in family nutrition</th>
</tr>
</thead>
<tbody>
<tr>
<td>65.1</td>
<td>65.1</td>
<td>203</td>
<td>Yes</td>
<td>No</td>
<td>312</td>
<td></td>
</tr>
<tr>
<td>100.0</td>
<td>34.9</td>
<td>109</td>
<td></td>
<td></td>
<td>109</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>312</td>
<td></td>
<td></td>
<td>312</td>
<td></td>
</tr>
</tbody>
</table>

Source: the study analysis
Table (15): Distribution of house furniture renewal by yes or no.

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>58.7</td>
<td>58.7</td>
<td>183</td>
<td>Yes</td>
</tr>
<tr>
<td>100.0</td>
<td>41.3</td>
<td>129</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis

Table (16): Distribution of improvement in social services by type of service.

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>23.1</td>
<td>23.1</td>
<td>72</td>
<td>Health</td>
</tr>
<tr>
<td>44.9</td>
<td>21.8</td>
<td>68</td>
<td>Education</td>
</tr>
<tr>
<td>93.3</td>
<td>48.4</td>
<td>151</td>
<td>Social status</td>
</tr>
<tr>
<td>97.4</td>
<td>4.2</td>
<td>13</td>
<td>Water &amp; electricity</td>
</tr>
<tr>
<td>100.0</td>
<td>2.6</td>
<td>8</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis
Table (17): Correlation between finance variable & poverty reduction variables.

<table>
<thead>
<tr>
<th>Value of loan in(000) s.ps.= small (1-5), medium (6-19), high (more than 20), in kind</th>
<th>Family nutrition increased after loan= yes, no</th>
<th>Renewal of house furniture after loan= yes, no</th>
<th>Loan assisted in improvement of services= health, ed., soc. Status, w&amp; elect.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson corr.</td>
<td>0.071</td>
<td>0.078</td>
<td>0.160</td>
</tr>
<tr>
<td>sig.</td>
<td>0.213</td>
<td>0.168</td>
<td>0.005</td>
</tr>
<tr>
<td>N</td>
<td>312</td>
<td>312</td>
<td>312</td>
</tr>
</tbody>
</table>

Source: the study analysis

Table (18): Distribution of investment by field of investment.

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Field of investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.5</td>
<td>28.5</td>
<td>89</td>
<td>Simple machines, household appl.s, poultry, animals</td>
</tr>
<tr>
<td>86.2</td>
<td>57.7</td>
<td>180</td>
<td>Production, sales, storage</td>
</tr>
<tr>
<td>100.0</td>
<td>13.8</td>
<td>43</td>
<td>Construction or repair of houses</td>
</tr>
<tr>
<td>100.0</td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis

Table (19): Distribution of project's labor by type of its movement.

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Project labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>51.0</td>
<td>51.0</td>
<td>159</td>
<td>Increased</td>
</tr>
<tr>
<td>60.6</td>
<td>9.6</td>
<td>30</td>
<td>Decreased</td>
</tr>
<tr>
<td>100.0</td>
<td>39.4</td>
<td>123</td>
<td>None</td>
</tr>
<tr>
<td>100.0</td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis
Table (20): Distribution of labor by type of payment.

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Type of labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>81.4</td>
<td>81.4</td>
<td>254</td>
<td>Family</td>
</tr>
<tr>
<td>91.0</td>
<td>9.6</td>
<td>30</td>
<td>Hired</td>
</tr>
<tr>
<td>99.4</td>
<td>8.3</td>
<td>26</td>
<td>Others</td>
</tr>
<tr>
<td>100.0</td>
<td>0.6</td>
<td>2</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis

Table (21): Distribution of projects profits by type of use.

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Usages of project profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>44.7</td>
<td>44.6</td>
<td>139</td>
<td>Reinvestment</td>
</tr>
<tr>
<td>82.3</td>
<td>37.5</td>
<td>117</td>
<td>Consumption</td>
</tr>
<tr>
<td>96.8</td>
<td>14.4</td>
<td>45</td>
<td>Saving</td>
</tr>
<tr>
<td>100.0</td>
<td>3.2</td>
<td>10</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>311</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis
Table (22): Correlation between finance variable & finance impact variables.

<table>
<thead>
<tr>
<th>Field of investment= Simple machines, household appl.s, poultry, animals, Production, sales, storage, Construction or repair of houses.</th>
<th>Impact on project labor= increased, decreased, none.</th>
<th>Type of labor= family, hired, others, none.</th>
<th>Usages of loan profits= reinvestment, consumption, saving.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of loan in (000) s.ps.= small (1-5), medium (6-19), high (more than 20), in kind</td>
<td>Pearson corr. 0.033</td>
<td>0.054</td>
<td>0.108</td>
</tr>
<tr>
<td>sig. 0.557</td>
<td>0.338</td>
<td>0.056</td>
<td>0.147</td>
</tr>
<tr>
<td>N 312</td>
<td>312</td>
<td>312</td>
<td>311</td>
</tr>
</tbody>
</table>

Source: the study analysis

The above results indicate that most of the sampled units started business in different fields: retailing, animals rising, small-scale production activities and repair of houses. They also indicate that these sampled units depend largely either on hired labor or on family labor.

This transformation of women from only households to households and businesswomen increase their abilities to have easy
contact with organizations and institutions that take care of women. It also becomes easy for them to join unions and cooperative societies that work in the fields of empowering women and improve their neglecting situation.

4- Solving the problem of access to finance will be effective mechanism to achieving positive changes in household & increase in women income which make the women independent person & participate in household & community, which make great socioeconomic changes in women & society.

It is obvious from the following tables that 65.1% of the sampled units agreed that there is improvement in family nutrition (table 14). As regards improvement in family renewal of house furniture 58.7% agreed that there is improvement & 41.3% there is no improvement (table 15). As regards improvement in family social services 23.1% agreed that there is improvement in health services, 21.8% there is improvement in family educational services, 48.4% there is improvement in family social status, 4.2% there is improvement in family water & electricity services and only 2.6% there is no improvement in family entire social services (table 16).

On the other hand a statistically significant correlation is witnessed between value of loan & improvement in family social services (r = 0.16, sig. =0.005, N = 312) (table No.17).
The above-mentioned results are in compromise with the consensus that women have shown to spend more when they helped to increase income and hence the welfare of the whole family is improved, and with the survey findings of the special unit of microfinance of the UNCDF, which explains, "women's success benefits more than one person." Several institutions confirmed, a well-documented fact is that women are more likely than men to spend their profits on household and family needs.

Both theories and numerous empirical studies suggest that access to financial services is an important direct or indirect contributor to the achievement of most required goals. In the case of education and health, one important effect of access to financial services is through the income effect: better access to financial services improves incomes and therefore the possibility of obtaining health and education services, and at the same time it reduces the need to rely on children as laborers in the household. Allowing women direct access to financial services might improve their possibilities to become entrepreneurs, thus increasing their individual incomes, their chances to become more independent, and their participation in family and community decision-making.

Research done by UNDP, UNIFEM, and the World Bank, among others indicates that gender inequalities in developing societies inhibit economic growth and development. A recent World Bank report confirms that societies that discriminate on basis of gender pay the cost of greater poverty, slower economic growth, and weaker governance and lower living standards of their people. The UNDP found a very strong correlation between its gender empowerment measure & gender-related development indices & its human development index. Microfinance has come to play a major role in many of the donors' gender and development strategies because of its direct.

Relationship to both poverty alleviation and women. As part of its poverty reduction priority, CIDA supports programs that provide "increased access to productive assets (especially land, capital & credit), processing and marketing for women." By giving women access to productive assets microfinance helps mobilize women's productive capacity to alleviate poverty and maximize economic output. By providing access to financing for income-generating
Focusing on women by providing microfinance might empower them in the interfamily decision process, as shown by Ashraf, Karlan, and Yin (2006b); use of commitment savings product increased expenditures on female durable goods. Similarly, access to credit and the subsequent establishment of a microenterprise might give women more say in intrahousehold decisions, as Johnson & Murdoch (2007) illustrates with some anecdotes from Bangladesh, Sierra Leone and Zambia.

5- The impact of financing enhances women ability to form a surplus to repay & transform to self-reliance & increase income.

It is obvious from the following tables that 79.5% of the sampled units agreed that they received small loans, 17.3% received medium loans, 1.3% received large loans and 1.9% received loans in kind (table 23). As regards loan repayment 32.1% agreed that their loan repayment is excellent, 48.1 is good and 28.8 is bad (table 24). As regards loan repayment default 26% agreed that the loan repayment default is due to short period, lack of experience& training, 4.8% due to inefficient finance, 0.3% due to inability to coordinate between home duties & work in project & 68.9 % due to being exhausted in other projects (table 25). As regards source of loan, repayment 58% agreed that the source is project rewards, 30.4% cutting from home expenses and 11.5% from salary (table 26).

On the other hand a statistically insignificant correlation is witnessed between the variable value of loan & each of the other 3 variables, status of loan repayment (r = 0.042, sig.0.463), loan repayment default (r =0.066, sig. =0.247), sources of loan repayment (r = - 0.037, sig. = 0.515) (table 27).
Table (23): Distribution of value received loans by amount groups.

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Value of received loans (000) s.ps.</th>
</tr>
</thead>
<tbody>
<tr>
<td>79.5</td>
<td>79.5</td>
<td>248</td>
<td>Small ( 1-5 )</td>
</tr>
<tr>
<td>96.8</td>
<td>17.3</td>
<td>54</td>
<td>Medium ( 6-19 )</td>
</tr>
<tr>
<td>98.1</td>
<td>1.3</td>
<td>4</td>
<td>20 &amp; more</td>
</tr>
<tr>
<td>100.0</td>
<td>1.9</td>
<td>6</td>
<td>In kind</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis

Table (24): Distribution of loan repayment by status of repayment.

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Status of Loan repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>23.1</td>
<td>23.1</td>
<td>72</td>
<td>Excellent</td>
</tr>
<tr>
<td>71.2</td>
<td>48.1</td>
<td>150</td>
<td>Good</td>
</tr>
<tr>
<td>100.0</td>
<td>28.8</td>
<td>90</td>
<td>Bad</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis

Table (25): Distribution of loan repayment default by causes of default.

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Loan repayment default causes</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.0</td>
<td>26.0</td>
<td>81</td>
<td>Short period, experience, training</td>
</tr>
<tr>
<td>30.8</td>
<td>4.8</td>
<td>15</td>
<td>Inefficient finance</td>
</tr>
<tr>
<td>31.1</td>
<td>0.3</td>
<td>1</td>
<td>Inability to coordinate bet. Home duties &amp; work</td>
</tr>
<tr>
<td>100.0</td>
<td>68.9</td>
<td>215</td>
<td>Other projects</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis

Table (26): Distribution of loan repayment by sources of repayment.

<table>
<thead>
<tr>
<th>Cumulative Percent</th>
<th>Percent</th>
<th>Frequency</th>
<th>Source of loan repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>58.0</td>
<td>58.0</td>
<td>181</td>
<td>Project rewards</td>
</tr>
<tr>
<td>88.5</td>
<td>30.4</td>
<td>95</td>
<td>cutting from home expenses</td>
</tr>
<tr>
<td>100.0</td>
<td>11.5</td>
<td>36</td>
<td>Salary</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
<td>312</td>
<td>Total</td>
</tr>
</tbody>
</table>

Source: the study analysis
Table (27): Correlation between finance variable & loan repayment variables.

<table>
<thead>
<tr>
<th>Source of loan repayment= project rewards, sav.s from home exps.</th>
<th>Status of loan repayment=exc., good, bad</th>
<th>Loan repayment default= Short period, experience, training Inefficient finance Inability to coordinate bet. Home duties &amp; work Other projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of loan in (000) s.£.= small (1-5), medium (6-19), high (more than 20), in kind</td>
<td>Pearson corr.</td>
<td>0.042</td>
</tr>
<tr>
<td></td>
<td>sig.</td>
<td>0.463</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>312</td>
</tr>
</tbody>
</table>

Source: the study analysis

Experience has shown that repayment is higher among female borrowers rather than males, mostly due to more conservative investment and lower moral hazard risk.

The above mentioned results agree with the findings of the study submitted by Afaf Ali Abdel Karim titled "Small-scale business enterprise in Khartoum", submitted as a fulfillment of Master degree, Khartoum University, Development Institute, July 2001. The analysis of the collected data shows that more women that are Sudanese have undertaken economic activities in all sectors particularly during the past decade due to the increased economic and social burdens placed on their backs.
The study shows that the women economic activities are highly related to their traditional domestic activities such as agriculture and handicraft. However, small percentages of women have entered fields mainly dominated by men such as construction, import and export and tanneries. The study shows that the majority of businesswomen in Khartoum State are married, indicating a positive relation between the need for more financial income due to increased family responsibilities, and business activities. The evaluation of the performance of business shows that more than 80% of women enterprises are making high or satisfactory profit while a small percentage is losing. Therefore, there is a direct correlation between the success of a woman in business and her level of education. It is found that almost all women enterprises are private or self-financed and very rarely women got finance from banks. The types of problems businesswomen face were also investigated. It was found that the majority of businesswomen have no family or traditional problems. However, very large percentages suffer from economic problems such as lack of financial resources, high prices, lack of input products and marketing problems.

The results also agree with the findings of the study titled "Sustainable development through microfinance-case, women training of Alkamaar & Albaraka Association- Toti Island", submitted by Sumra Awad Ahmed as a fulfillment of Master degree, University of Khartoum. This study results revealed that microfinance improved family income which is reflected in families' socio-economic conditions. The payback of loans proved to be successful.

Important suggestions of sampled units about financial & non-financial services that are not currently provided by banks & organizations, and how the access to finance is to be feasible & the exploitation of credit are to be proper.
### Table (28): Financial services and non financial services:

<table>
<thead>
<tr>
<th>Financial services</th>
<th>Non-financial services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td></td>
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</table>
|                    | - Open special Saving account services for the beneficiaries.  
|                    | - Institutionalize a system for charity loans (free of interest loans).  
|                    | - Improve the current loan lending conditions.  
|                    | - Implementation of technical know-how training & consulting programs.  
|                    | - Implementation of programs directed to eradicating the poor's housing problems.  
|                    | - Improve the current loan lending conditions.  
|                   | - Implementation of technical know-how training & consulting programs.  
| Organizations      |                        |
| Financial services | - Introduction of insurance services. -  
|                    | - Make the finance in kind more popular.  
|                    | - Improve the current loan lending conditions.  
| Non-financial services | - Implementation of technical know-how training & consulting programs.  
| Feasible access to finance | - Increase loan sizes.  
|                      | - Decrease interest rates & transactions costs.  
|                      | - Accelerate procedures & Shorten the long process period after submission of required documents.  
|                      | - Introduce a more proper guarantee & collateral mechanism.  
| Proper exploitation of credit | - Enhance formation of cooperative societies.  
|                      | - Introduce a group lending mechanism.  
|                      | - Introduce project partnership mechanism that relates the beneficiaries with the financing institution.  
|                      | - Give help & support in conducting projects' feasibility studies.  
|                      | - Render government concessions to the beneficiaries to help them find locations for their projects.  
|                      | - Make loan lending administrative procedures easy, simple and short.  
|                      | - Implementation of technical know-how training & consulting programs, particularly for the beneficiaries to know how to start their
projects successfully.
- Give advice & directions about how to open new marketing channels.
- Introduce cash & in kind subsidies & incentives for the most successful beneficiaries.
- Total abolition or decrease to the minimum of the heavy local fees & charges.

Source: the study analysis
Chapter-5

ANALYSIS AND COMPARISON

(Case study: women in Khartoum state)

The target population:
The target population is females who inhabit Khartoum state during the year 2013. According to Sudan 2009 census outcomes, the female population of Khartoum state is about 2474297 inhabitants, applying annual growth rate of 3% Khartoum state projected female population for the year 2013 estimated to be 2868388 inhabitants. The below table shows the computations carried out to find the expected financed portion of the projected population.

Reference; Table No. (1): The estimated financed females in Khartoum state (2013).

The sample size:
The following formula is applied for obtaining the size of the random statistical sample representing the targeted female's population:

\[ n = \left( \frac{Z^2 \times S^2}{E^2} \right) / \]

Where,

\( Z \) = standard error = (1.96)
\( S \) = standard deviation for the binomial distribution \( (P(1-P) = 0.5 \times 0.5) \)
\( E \) = risk factor

\[ n = \left( \frac{1.96^2 \times 0.5^2}{0.05^2} \right) / \]

\( N \approx 312 \)

Two stratum sizes are determined according to the proportions of the expected beneficiaries targeted to be financed (18 % (formal) & 34 % (informal)), thus the first strata size \( (n_1) = 0.34 \times 350 = 121 \), & the second strata size \( (n_2) = 0.66 \times 350 = 231 \).

The questionnaire:
The designed questionnaire is a 4 dimensions & 56 variables one.
The external consistency of this questionnaire is thoroughly checked by selected authenticators, who finally approved it after the required amendments done as their raised suggestions. The questionnaire internal consistency & validity also checked by the researcher & found acceptable.

The following table shows the processes & arrangements taken while dealing with the questionnaires.

Reference; Table (3): The questionnaires' processes.

The (SPSS) statistical program selected for carrying out the analysis of data.

The following statistical techniques applied for analyzing the data:
- The t-test.
- The Test. $\chi^2$
- The analysis of variance (one-way ANOVA)

**Characteristics of sampled units:**

The following table shows the distribution of sampled units by type of finance.

Reference; Table (4): Distribution of sampled units by type of finance.

The following pie chart depicts the above-mentioned distribution.

**Figure (1):**

**Distribution of sampled units by type of finance.**

It is obvious that there are no considerable differences witnessed between the sampled units from the three places of residence.

The following table shows the distribution of sampled units according to age groups.

Reference; Table (6): Distribution of sampled units according to age groups.
The following pie chart shows the above-mentioned distribution.

**Figure (3):**

**Distribution of sampled units according to age groups.**

It is obvious that the distribution of sampled units according to age group is a normal distribution, the majority of frequencies concentrated in the middle group (256 units) & the remaining frequencies shared by the other two groups (9 units each).

The following table shows the distribution of sampled units according to level of education.

Reference; Table (7): Distribution of sampled units according to level of education.

The following pie chart shows the above-mentioned distribution.

**Figure (4):**

**Distribution of sampled units according to level of education.**

It is obvious that the distribution of sampled units according to level of education is a normal distribution, the majority of sampled units concentrated in the middle level (57%), the low levels (15 %), and the high levels (28 %).

1- There is direct relation between financing women sector & the income improvement of women & rising of income of women family.

To study the relationship between finance (loan value in thousands s. £) & the status of family income after receiving this finance Pearson correlation coefficient is obtained. A very minor negative correlation between the two variables found, high levels of loan values correlated with high levels of family income, ( p> 0.05, N= 311, r = - 0.038. The following table shows this correlation results.
Reference; Table (8): Correlation between loan value & family income after loan received.

The above result is in harmony with the result that there is a statistically highly correlated relation between microfinance & the increase of woman's income revealed by the study titled, "The effect of capacity building of women to alleviate family poverty – case study Khartoum state, 2010 ", submitted by Samia Ali Ahmed to obtain PhD. degree from Sudan University of science & technology. Solving the problem of access to finance will be effective mechanism to achieving positive changes in household & increase in women income which make the women independent person & participate in household & community, which make great socioeconomic changes in women & society. It is obvious from the following tables that 65.1% of the sampled units agreed that there is improvement in family nutrition (table 14). As regards improvement in family renewal of house furniture 58.7% agreed that there is improvement & 41.3% there is no improvement. As regards improvement in family social services  23.1% agreed that there is improvement in health services, 21.8% there is improvement in family educational services, 48.4% there is improvement in family social status, 4.2% there is improvement in family water & electricity services and only 2.6% there is no improvement in family entire social services. Also it agrees with both theories and numerous empirical studies that suggest that better access to financial services improves incomes. Discussed earlier, consumer credit is also the only credit type shown to be robustly linked with higher household welfare (Karla and Zinman 2006b). This is not a negative outcome, but it does suggest a very different vision of microfinance from the original. In addition to the reluctance of traditional lenders to reach out to low-income households and micro entrepreneurs, risk-averse producers might be reluctant to take up loans. While credit-financed microenterprise might increase the level of income, it might also
increase its variation. Indeed, in their survey Johnston and Murdoch (2007) find a large group of households that do not want credit although they are deemed creditworthy by officials of a microcredit institution. While research on a randomly chosen sample of entrepreneurs in Sri Lanka finds credit constraints are the main reason for the lack of expanding business, not missing insurance markets (de Mel, McKenzie, and Woodruff 2006), and take-up of credit might be increased if coupled with a proper insurance mechanism. This might be especially true for agricultural producers who are subject to high price and yield volatility. Insurance products with or without credit might thus help these farmers expand without taking on too much additional risk. Traditional insurance to farmers to protect them against climatic and other shocks has proved costly and unmarketable because of high moral hazard risk from misreporting. As an alternative, insurers have developed weather index insurance, which compensates farmers according to objectively verifiable benchmarks likely to be correlated with the actual damage the farmer has suffered. How successful are such insurance schemes? Giné, Townsend, and Vickery (2007) assess the introduction of a rainfall insurance product, first designed by a large insurance company in southern India in 2004 and marketed by a microfinance institution. In villages while still far from conclusive, the bulk of the evidence suggests financial development and improved access to finance is likely not only to accelerate economic growth but also to reduce income inequality and poverty. The channels through which finance works to produce this impact are less clear, but the evidence from cross-country research, natural experiments, and general equilibrium models suggests that direct provision of credit to the poor may not be the most important channel. Hence fostering more efficient capital allocation through competitive and open markets has always been and still remains an important policy goal. In most countries around the world, however, fewer than half the
households have even basic financial access; many non poor and small and medium enterprises are effectively excluded from the financial system. For the most part, then, improving efficiency without broadening access is likely to be insufficient because it is likely to leave untapped the talents and innovative capacity of large segments of the population. Improving access for all of the excluded, not just the very poor, is therefore also likely to be an important policy goal for most developing countries (World bank, 2008). At the outset, it is not immediately obvious that expanding access to financial services will reduce inequality. After all, the successful micro entrepreneur who manages to get financing for her ideas will experience an increase in income that her neighbor does not. Indeed, the more successful she becomes, the wider the income gap would be. This increase in income inequality is what is predicted by some of the theories discussed in chapter1. At the same time, giving people a wider set of growth opportunities through increased access to finance should eliminate inequities caused by barriers to such access. At the end of the day, the net result of greater financial access on measured inequality will be an empirical issue, and it is one on which there is a considerable body of recent research. Theoreticians have developed simple, stylized models to analyze these questions. Imagine a world in which individuals, differing in their wealth and entrepreneurial skills, must choose between subsistence farming, wage work, or entrepreneurial endeavor. Without access to external finance, the amount of investment an entrepreneur has to start is limited to her wealth. Start-up costs will often be too large to allow poorer or less-skilled individuals to become entrepreneurs, so they will remain When calibrated to fit Thai data on finance, growth, and inequality, the general equilibrium model analyzed by Giné and Townsend implies that the greatest quantitative impact of financial deepening and financial access on income inequality comes through indirect labor market effects. Depending on initial conditions and
the choice of parameters, these effects also result in a long-term decrease in income inequality that off-sets short-term increases coming from wealth gains of new entrepreneurs. Rankings were then based on the combined average score of those four categories.” India and Bangladesh together are home to the most MFIs. Seven of the 50 were little-known institutions from India. Those in other countries included five from Bosnia and Herzegovina, four each from Morocco and Peru, three from Colombia, two each from Ecuador, Ethiopia and Serbia, and one each from 15 other countries, including Russia, Pakistan, Mexico and Brazil. Forbes magazine said that “microfinance has become a buzzword of the decade, raising the provocative notion that even philanthropy aimed at alleviating poverty can be profitable to institutional and individual investors.”“Billionaires, global leaders and Nobel Prize recipients are hailing these direct loans to uncollateralized would-be entrepreneurs as a way to lift them out of poverty while creating self-sustaining businesses,” it stated. The Bank of Sudan (CBOS), the central bank, also adheres to Islamic banking principles. The central bank employs Islamic banking instruments to conduct its monetary policy operation In the Bank of Sudan Act, 2002; the objectives of the CBOS were as follows. Issue currency Issue monetary financing policies such that Sudan achieves the national objectives of the national economy Organize, monitor and supervise banking business while striving to promote efficiency, economic and social development Strive to achieve economic and currency stability Act as the Government Banker Execute supervisory duties under the ordinances of the Islamic Sharia in 2006, following the signing of the Comprehensive Peace Agreement (CPA) in 2005, the Bank of Sudan Act was amended to allow for a dual banking system consisting of Islamic banking in the North and Conventional banking in the South. The CBOS continues to be the regulatory body and is located in Khartoum. The Bank of Southern Sudan (BOSS) was to be established as
a branch of the CBOS, to oversee non-Islamic banking practices in the South. In May 2003; the Bank of Sudan formally adopted a managed-floating exchange rate regime. Historically; poverty reduction has been largely a result of economic growth. The industrial revolution led to high economic growth and eliminated mass poverty in what is now considered the developed world. In 1820, 75% of humanity lived on less than a dollar a day. As three quarters of the world’s poor live in the country side, the World Bank cites helping small farmers as the heart of the fight against poverty. Economic growth in agriculture is, on average, at least twice as effective in benefiting the poorest half of a country’s population as growth generated in non-agricultural sectors. However, aid is essential in providing better lives for those who are already poor and in sponsoring medical and scientific efforts such as the green revolution and the eradication of smallpox. Information and communication technologies for development help to fight poverty. Ian Vasquez, director of the Cato Institute's Project on Global Economic Liberty, wrote that extending property rights protection to the poor is one of the most important poverty reduction strategies a nation could take. Securing property rights to land, the largest asset for most societies, is vital to their economic freedom. The World Bank concludes increasing land rights is ‘the key to reducing poverty’ citing that land rights greatly increase poor people’s wealth, in some cases doubling it. Peruvian economist Hernando De Soto has estimated that state recognition of the property of the poor would give them assets worth 40 times all the foreign aid since 1945. Although approaches varied, the World Bank said the key issues were security of tenure and ensuring land transactions were low cost. In China and India, noted reductions in poverty in recent decades have occurred mostly as a result of the abandonment of collective farming in China and the cutting of government red tape in India. However, ending government sponsorship of social programs is sometimes advocated as a free market
principle with tragic consequences. For example, the World Bank presses poor nations to eliminate subsidies for fertilizer even while many farmers cannot afford them at market prices. The reconfiguration of public financing in former Soviet states during their transition to a market economy called for reduced spending on health and education, sharply increasing poverty. Trade liberalization increases the total surplus of trading nations. Remittances sent to poor countries, such as India, are sometimes larger than foreign direct investment and total remittances are more than double aid flows from OECD countries. Foreign investment and export industries helped fuel the economic expansion of fast growing Asian nations. However, trade rules are often unfair as they block access to richer nations’ markets and ban poorer nations from supporting their industries. Processed products from poorer nations, in contrast to raw materials, get vastly higher tariffs at richer nations’ ports. A University of Toronto study found the dropping of duty charges on thousands of products from African nations because of the African Growth and Opportunity Act was directly responsible for a “surprisingly large” increase in imports from Africa. However, Chinese textile and clothing exports have encountered criticism from Europe, the United States and some African countries. Deals can also be negotiated to favor developing countries such as China, where laws compel foreign multinationals to train their future Chinese competitors in strategic industries and render themselves redundant in the long term. In Thailand, the 51 percent rule compels multinational corporations starting operations in Thailand give 51 percent control to Thai company in a joint venture. World GDP per capita Investments in human capital, in the form of health, is needed for economic growth. Nations do not necessarily need wealth to gain health. Researchers say it is more efficient to support the families and extended families that care for the vast majority of orphans with simple allocations of cash than supporting orphanages, which get most of the aid. Some aid,
such as Conditional Cash Transfers, can be rewarded based on desirable actions such as enrolling children in school or receiving vaccinations. In Mexico, for example, dropout rates of 16-19 year olds in rural areas dropped by 20% and children gained half an inch in height. Initial fears that the program would encourage families to stay at home rather than work to collect benefits have proven to be unfounded. Instead, there is less excuse for neglectful behavior as, for example, children stopped begging on the streets instead of going to school because it could result in suspension from the program. Another form of aid is microloans, made famous by the Graeme Bank, where small amounts of money are loaned to farmers or villages, mostly women, who can then obtain physical capital to increase their economic rewards. For example, the Thai government’s People’s Bank makes loans of $100 to $300 to help farmers buy equipment or seeds, help street vendors acquire an inventory to sell, or help others set up small shops. While advancing the woman and her household’s position economically, microloans empower women and enable them to voice their opinions in general household decisions. Aid from non-governmental organizations may be more effective than governmental aid; Aid from non-governmental organizations may be more effective than governmental aid; this may be because it is better at reaching the poor and better controlled at the grassroots level. Critics argue that some of the foreign aid is stolen by corrupt governments and officials, and that higher aid levels erode the quality of governance. Policy becomes much more oriented toward what will get more aid money than it does towards meeting the needs of the people. Supporters of aid argue that these problems may be solved with better auditing of how the aid is used. Immunization campaigns for children, such as against polio, diphtheria and measles have save millions of lives. A major proportion of aid from donor nations is tied, mandating that a receiving nation spend on products and expertise originating only from the donor
country. For example, Eritrea is forced to spend aid money on foreign goods and services to build a network of railways even though it is cheaper to use local expertise and resources. US law requires food aid be spent on buying food at home, instead of where the hungry live, and, as a result, half of what is spent is used on transport. One of the proposed ways to help poor countries has been debt relief. Many less developed nations have gotten themselves into extensive debt to banks and governments from the rich nations and interest payments on these debts are often more than a country can generate per year in profits from exports. If poor countries do not have to spend so much on debt payments, they can use the money instead for priorities which help reduce poverty such as basic health-care and education. For example, Zambia began offering services, such as free health care even while overwhelming the health care infrastructure, because of savings that resulted from the rounds of debt relief in 2005. Efficient institutions that are not corrupt and obey the rule of law make and enforce good laws that provide security to property and businesses. Efficient and fair governments would work to invest in the long-term interests of the nation rather than plunder resources through corruption. Researchers at UC Berkeley developed what they called a “Weberianness scale” which measures aspects of bureaucracies and governments Max Weber described as most important for rational-legal and efficient government over 100 years ago. Comparative research has found that the scale is correlated with higher rates of economic development With their related concept of good governance World Bank researchers have found much the same: Data from 150 nations have shown several measures of good governance (such as accountability, effectiveness, rule of law, low corruption) to be related to higher rates of economic development. The United Nations Development Program published a report in April 2000 which focused on good governance in poor countries as a key to
economic development and overcoming the selfish interests of wealthy elites often behind state actions in developing nations. The report concludes that “Without good governance, reliance on trickle-down economic development and a host of other strategies will not work.” Examples of good governance leading to economic development and poverty reduction include Thailand, Taiwan, Malaysia, South Korea, and Vietnam, which tends to have a strong government, called a hard state or development state. These “hard states” have the will and authority to create and maintain policies that lead to long-term development that helps all their citizens, not just the wealthy. Multinational corporations are regulated so that they follow reasonable standards for pay and labor conditions, pay reasonable taxes to help develop the country, and keep some of the profits in the country, reinvesting them to provide further development. In 1957 South Korea had a lower per capita GDP than Ghana, and by 2008 it was 17 times as high as Ghana’s. Funds from aid and natural resources are often diverted into private hands and then sent to banks overseas as a result of graft. If Western banks rejected stolen money, says a report by Global Witness, ordinary people would benefit “in a way that aid flows will never achieve”. The report asked for more regulation of banks as they have proved capable of stanching the flow of funds linked to terrorism, money-laundering or tax evasion. Income per person below the poverty line has decreased in each region of the world since 1990: Other human development indicators have also been improving. Life expectancy has greatly increased in the developing world since WWII and is starting to close the gap to the developed world. Child mortality has decreased in every developing region of the world. The proportion of the world’s population living in countries where per-capita food supplies are less than 2,200 calories (9,200 kilojoules) per day decreased from 56% in the mid-1960s to below 10% by the 1990s. Similar trends can be observed for literacy, access to clean water and
electricity and basic consumer items. There are various criticisms of these measurements. Shaohua Chen and Martin Ravalli on note that although “a clear trend decline in the percentage of people who are absolutely poor is evident ... with uneven progress across regions. The developing world outside China and India has seen little or no sustained progress in reducing the number of poor”. Since the world’s population is increasing, a constant number living in poverty would be associated with a diminishing proportion. Looking at the percentage living on less than $1/day, and if excluding China and India, then this percentage has decreased from 31.35% to 20.70% between 1981 and 2004. The 2007 World Bank report “Global Economic Prospects” predicts that in 2030 the number living on less than the equivalent of $1 a day will fall by half, to about 550 million. An average resident of what we used to call the Third World will live about as well as do residents of the Czech or Slovak republics today. Much of Africa will have difficulty keeping pace with the rest of the developing world and even if conditions there improve in absolute terms, the report warns, Africa in 2030 will be home to a larger proportion of the world’s poorest people than it is today. The reason for the faster economic growth in East Asia and South Asia is a result of their relative backwardness, in a phenomenon called the convergence hypothesis or the conditional convergence hypothesis. Because these economies began modernizing later than richer nations, they could benefit from simply adapting technological advances which enable higher levels of productivity that had been invented over centuries in richer nations. Relative poverty views poverty as socially defined and dependent on social context, hence relative poverty is a measure of income inequality. Usually, relative poverty is measured as the percentage of population with income less than some fixed proportion of median income. There are several other different income inequality metrics, for example the Gini coefficient or the Their Index. Such social exclusion can be minimized
through strengthened connections with the mainstream, such as through the provision of relational care to those who are experiencing poverty. Harlem, New York, USA. In 2006 the poverty rate for minors in the United States was the highest in the industrialized world, with 21.9% of all minors and 30% of African American minors living below the poverty threshold. The World Bank’s “Voices of the Poor,” based on research with over 20,000 poor people in 23 countries, identifies a range of factors which poor people identify as part of poverty. These Entrepreneurial Skills - Empowering Women. The significance of micro credit is widely discussed in various literature and studies, lauding its positive impact in raising the standard of living of low income communities, especially women, and uplifting them out of poverty. However, microcredit by itself is not sufficient. In order to further raise living standards and enable low income communities to protect themselves against potential economic setback, micro credit has to be complemented by capacity building initiatives. This project aims to empower women by equipping them with the knowledge, tools and skills to become successful entrepreneurs. It will have two interrelated major components: Communications strategies and approaches to increase the awareness, understanding and take-up of microcredit and micro finance among rural and urban low income communities, especially women. Level of education and some macroeconomic variables are taken into account. The study estimates that about half of the effect of financial development on the poverty ratio runs via a reduction in inequality. This result suggests that financial development has a disproportionately positive effect on the incomes of the poorest. Other evidence also suggests that financial development disproportionally increases the income of the poorest 20 percent. Recent research for the period 1960-99 finds that financial development has a beneficial effect on the incomes of the poorest quintile of the income distribution. The study’s findings imply, for example, that the poorest
A quintile of Brazilians could have had an income growth of 1.5 percent per year instead of the actual 0 percent, if Brazil had increased its private credit to GDP from 28 percent to the level of South Korea (74 percent). Using a sample of 84 countries in the period 1980-2004, data indeed confirm a strong relationship between the prevalence of income poverty and undernourishment, even when we take into account the effect of average GDP per capita. The relation is of substantial importance, and there is evidence that the relationship is causal. In terms of order of magnitude, the analysis implies that a one-percentage point increase in Private Proxy of financial development. Perhaps, the effects of stock market development on poverty are more indirect, or maybe stock markets benefit richer people rather than poorer people in society. Furthermore, and more importantly, financial development accelerates improvements in the poverty ratio and the poverty gap recent research that studies the period 1980-2000 finds that decreases in poverty are faster in countries that had faster growing ratios of private credit to GDP. For example, Chile had a decrease in its poverty ratio of about 14 percent per year between 1987 and 2000. In Peru, the poverty ratio increased at an annual growth rate of 19 percent between 1985 and 2000 the study indicates that if Peru had improved its private credit from 13 percent to 54 percent, the level of Chile, its poverty ratio would have increased only at 5 percent per year. This would have resulted in a poverty ratio in 2000 of 2 percent instead of the actual 15 percent. Analyzing the Growth Of the poverty gap and financial development in that period produces similar results these results hold even when other important factors, such as the initial level of poverty, inflation, and trade openness, are taken into account. The link between economic growth and inequality is more complex and has been hotly debated in the theoretical and empirical literature. The long-standing argument, dating back to the Kuznets’s curve, is that countries go through a period of increased inequality as they
develop (with some arguing that the increase in inequality actually can spur development), but then see inequality fall again. Recent research finds evidence. However, that changes of inequality in any direction reduce subsequent growth. Yet, there is also evidence that economic growth has little impact on inequality. That is, the benefits of growth are distributed over the rich and the poor according to the current level of inequality (Dollar and Kraay 2000). We will not review this large literature, but will focus on the role of financial development. Emerging evidence shows that, besides causing economic growth, financial development is also associated with lower poverty ratios. Moreover, there is evidence that greater financial development leads to a faster reduction of the poverty ratio and the poverty gap. Financial development’s simultaneous impact on growth and inequality is very desirable: it avoids any redistributive policies with possible economic costs and might politically be more feasible. However, at the same financial sector, development may mean more financial crises, which can lead to more poverty. Financial Development Reduces Inequality. Research shows that financial development reduces inequality. It also raises incomes of the poorest households. This later finding may not be obvious. Comparatively, in Egypt the number only 9.9, and on Chira 7.7. The early death of so many Sudanese can be traced to the violence but also the lack of basic necessities. About 27 percent of pop do not have access to sake water in Egypt 13 percent. 30% have no access to health finance (in Egypt 1 percent) for children and the age of 5-34 Percent we underweight (in Egypt 12 percent). Population. Below poverty life 40% (2004, EST) Source CIA world fact book Lesson, of interested of governances. Study commercially covered bank of Sudan collateralization and guarantees in the extermination of M.S. in Sudan. Women and microfinance Poor women in particular benefit from microfinance services women’s status, study in their homes and in their communities, and are deviated when
they are responsible for many loans and savings. The debility to generate and control. Their own on come can further empower poor women; research shows that credit extended to women has a significant input on their family’s quality of wife, especially the children Poor women also tend to have the best credit ratings. In Bangladesh women here shown to defund on leans for here often than men. Recent evidence has shown strong link between financial section represented by microfinance development and the reduction of poverty. The channels, which this occurs are multiple and include access is payment, saw, credit and microfinance services, evidence at the households and women experiences in LDCs and in Asian countries has confirmed. The importance of these channels for reducing poverty, with reduction occurring through the beneficial impacts on overall income and accelerate reduction of inequality. Also the access of women to microfinance services will smooth consumption, and raining income this policy will be hey important for microfinance development goal: the reduction of poverty by half of in 2015.

Sudan has a population of 37 million and ranks as 147th out of 177 countries according the Human Development Index (UNDP 2007). The country is covered by diverse climatic and ecological zones, with a multicultural, multi ethnic, multi-lingual and multi-religious people. The majority of the population is poor with annual average per capita income of less than $400 (in 2002) and USS640 (in 2005) masking wide regional disparities in economic and social development. The country has been subjected to a series of droughts and flood cycles during the period 1970-2007. The effect of the climate change has been assumed to be the main causes behind the serious environmental degradation and the southward desert creep estimated at 50 to 200 km since the 1930s in Sudan (UNEP, 2005). Poverty in Sudan clusters around the landless farmers, the handicapped, the street boys, citizens that are on pension, unemployed people, female-headed households, ex-soldiers, beggars,
unskilled and semi-skilled labourers, AIDS orphans and pastoralists in drought affected or arid areas. The number of undernourished people was 8.8 million (27% of total population) in 2002/03. Other indicators of poverty in Sudan also indicated the high percentage of illiteracy (55% against LDCs-49%), life expectancy estimated at 57 years, people not receiving clean drinking water (60%), people not receiving medical services (30%), children less than five years below weight (34%), low calories intake per person per day (1840 against 2115 in the LDCs), widespread of diseases (AIDS, malaria, breathing system, malnutrition, diarrhea). The traditional farming system has the highest prevalence of poverty among the crop producers of the Sudan. The head count index goes up to. The poverty depth up to 94 and the poverty gap up to 90% the commercial mechanized rain-fed sector reflect high poverty incidence compared to the irrigated farming system households Micro-enterprise development for women is also widely seen as one of the most effective ways of directly responding to women’s own expressed needs. There is the implication that increasing women’s income at the micro-level will also have a positive effect on poverty and other aspects of gender inequality. As discussed above, in the market approach the focus on female entrepreneurs, even if they are not the poorest, is assumed to “trickle-down” to other women through increased female employment, contribution to a more dynamic economy and the “demonstration effect” of successful female entrepreneurs. In the empowerment approach wider impact on poverty is assumed to occur through “trickle-out” and “trickle-up”, as increased incomes decrease vulnerability and “empower” people to pressure for change. Particularly in the market approach, but also in more populist formulations of the empowerment approach (e.g. Burkey, 1993) there is often the assumption that responding to women’s own “practical needs” in this way avoids the need for more direct forms of feminist organization for change. Comparing with the access of India
(SEWA is a multi-service union of self-employed women-market women, street vendors, cart pushers, etc. founded in 1972 by the women’s section of the Textile Labour Association. It has taken a multi-focused approach. nationalized banks and 1800 loans directly from their own banks. In 1983 it negotiated with the Finance Ministry to get government approval for banks to loan directly to local loan groups registered as co-operative societies of self-employed women. Also undertakes union activities on behalf of its members and has initiated a number of producer co-operatives. It has taken a strong ideological stance on caste, dowry, middlemen and exploitation, and the right to control reproduction (family planning programme). It has conducted mass demonstrations on pending reform bills on rape, dowry and divorce and a number of inter-caste marriage ceremonies (Everret, et al, 1987). However the now extensive literature on the “informal sector” (see endnote 2) and the increasing literature on female entrepreneurship casts doubt on some of the explicit or implicit assumptions underlying micro-enterprise development for women. Third, even if poor women are successful in increasing incomes how far this does translate into increased control over income and their ability to challenge gender inequality in the household and wider community? Fourth, even where individual women are successful, how far does this translate into wider processes of poverty alleviation for women and/or wider changes in gender inequality? The small-scale sector is extremely diverse. The long and protracted debates about definitions of the “info and the small-scale sector arose precisely because of this diversity. Definitions of “small-scale” industries generally include criteria both in terms of numbers of workers (in some cases differing depending on use of power and particular types of technology) and value of capital equipment or annual turnover. Definitions therefore generally preclude highly profitable, highly capital-intensive enterprises with only a few people. Nevertheless, in many industries attempts to target the small-scale
sector or exempt it from regulation have often resulted in large-scale enterprises splitting into many smaller units still controlled by the same person in order to obtain benefits or avoid regulation). This makes any macro-level analysis based on official or other statistical methods extremely problematic in many industries. Much of the debate about the small-scale sector has focused on the relative “efficiency” of small-scale enterprises and their consequent contribution to economic development. “Independent” is often extremely limited, particularly the formulation in terms of “petty commodity production” (see e.g. Breman, 1976; Bromley ed., 1978; Bromley and Gerry eds., 1979; Moser, 1978). Primary constraints on individual entrepreneurship are markets for raw materials and finished goods which are determined by a complex range of factors related at least in part to local and international inequalities. This is obviously the case in industries like textiles which are the subject of international trade agreements and often also government regulation. Even producers-like bamboo-workers-selling directly to local markets are often limited in their ability to change their methods of production and marketing because of buyers’ perceptions of “appropriate” returns to producers of low social status (Mayoux, 1988). Small-scale producers are also often subject to more direct forms of economic and social control. Those who are apparently self-employed are often in very exploitative market relations with large-scale traders or large-scale enterprises. Others are in disguised “putting-out” systems where large employers are attempting to avoid labor and other legislation governing factory employment (Banerj, 1988). Small-scale producers are often bound to these larger scale interests not only through impersonal trading arrangements, but also a range of informal systems of exchange, indebtedness and social ties. As well as being exploitative in themselves these may preclude any attempt by small-scale producers to gain more control over their conditions of production without forfeiting their low-
paid security or running the risk of direct intimidation. Here however it is arguably male labourers’ ability to use strategies classed as “low growth” in the market approach that enables them to establish an enterprise. It was at least partly due to their ability to manipulate social networks and allegiances, rely on unpaid family labor, and draw on other sources of household income which facilitated their upward mobility (ibid.). Those who are observably trapped in a vicious circle of poverty, indebtedness and low levels of skill may well be operating “efficiently” in relation to the constraints they face. Their inability to escape from a concern with mere survival, or production for low income local markets is not necessarily related to levels of “motivation” or “entrepreneurial spirit” but more likely to be due to the severity of the constraints they face at all levels. Third, there are likely to be serious limitations on strategies which treat entrepreneurship in isolation from other measures to improve the situation of labourers. This is particularly the case if the aim of micro-enterprise development is wider poverty alleviation. Much of the literature on the informal sector has highlighted the extent of differentiation and exploitation within the small-scale sector. Workers unprotected by labor legislation often work in appalling conditions for very low rates of pay. Significantly for women, many “self-employed” men are in fact dependent on family workers, mainly women and children, working very long hours in very poor conditions with little control over income. The degree to which laborers are likely to be able to translate increased demand for labor into increased incomes and wider well-being is likely to depend largely on their bargaining power and the ways in which employers are able to manipulate existing inequalities. Even from the point of view of entrepreneurs, if the aim is a dynamic and innovative small-scale sector where upward mobility is possible then the interests of laborers cannot be ignored. Minimum wage legislation is obviously a very contentious issue, a full discussion of which is outside
the scope of this paper. Within enterprises, there are obviously conflicts of interest in the short-term between entrepreneurs and laborers, and between different categories of labourer in negotiating their share of profits. There are also limits to the levels of wages which poor would-be entrepreneurs can bear. This is however often overstated. For example it was evident from the author’s own research on the silk industry that most of the concerted downward pressure on wages come from rich large entrepreneurs, with many small entrepreneurs giving higher wagers to laborers and putting in more work themselves or using family labor (Mayoux, 1993b). Class constraints: Poor people by definition have less access to productive resources and income entrepreneurs Women’s participation in the small-scale sector increased dramatically in many countries in the 1980s (Standing, 1989). Although there are significant variations between countries and social groups, women’s participation in the small-scale manufacturing and trading sector is often very high and almost invariably higher than in the large-scale sector. This has often been taken as an indication that further increasing women’s participation in micro-enterprises is both viable and offers particular benefits to women corresponding to their own preferences. However the now extensive literature on women in the informal sector 1985 levels of women’s participation cannot necessarily be taken as an indication of either the desirability or viability of further micro-enterprise development for women. Although some women do undoubtedly succeed in becoming quite successful entrepreneurs, most poor women are likely to face serious problems. In some countries, particularly in Africa, there are well-established traditions of female entrepreneurship and large-scale trading. There are growing numbers of female entrepreneurs in the large-scale formal sector in some countries of South-East Asia (Licuanan, 1993). Even in societies where women are in strict seclusion, they frequently engage in business activities from the home and have in some cases built
up substantial enterprises (Hill, 1969). Women frequently become quite substantial entrepreneurs in particular sectors where female labor predominates, and women may in fact dominate these industries (Mayoux, 1988; 1992; Watts, 1984). Some women succeed in building up their businesses from very few resources as in the case outlined. This does therefore provide some support for those arguing for the necessity of including women in any wider strategy for micro-enterprise development. As stressed by proponents of the market approach, women’s entrepreneurship strategies are not inevitably “low-growth”. Not all female entrepreneurs are risk-averse or invest primarily in social networks (Bolles, 1983; Le Franc, 1989). Some diversify production within particular industries and markets, rather than spreading risks through diversifying activities (Hacjenberg and Barth, 1984 cited in Downing 1990; for other better-off women strategies generally assumed to be low-growth are in fact conscious strategies for expansion. As discussed at length in the anthropological literature on male entrepreneurship, this calls into question the Western bias of many of the entrepreneurship models being promoted. Studies of some large-scale female entrepreneurs have found that they may continue to rely almost solely on real or fictional kin to assist them in their business. They may also diversify their activities as a conscious “growth strategy” to invest in particular high-investment, high-income but high-risk markets. The relative success of some women and the very diverse strategies they employ call into question any stereotypes of women as victims of universal inequalities. Nevertheless, women’s existing patterns of participation within the small-scale sector do not necessarily offer an easy basis for either increasing their participation in micro-enterprises or increasing their income from micro-entrepreneurship. Women are overwhelmingly clustered in a narrow range of low investment, low-profit activities for the local market. In many of these industries, there are
likely to be definite limits on the degree to which incomes to small-scale independent women producers can be increased because of intense competition from capital-intensive and/or large scale production. However, there are many failures. Despite their diversity, gender inequalities compound those of class to make small-scale entrepreneurship even more difficult for poor women than for poor men.

The growing literature on women entrepreneurs has found that within the same industries and markets women are generally considerably disadvantaged relative to men and generally have lower income. In some cases women are assigned the role of manager of particular types of income and particular types of expenditure (particularly food items and purchases) with men being assigned responsibility for others and enjoying higher levels of their “own money” for luxury items. However, even where women are assigned managerial roles, their choices are generally limited by wider gender norms regarding appropriate types and levels of consumption for males and females and particularly by expectations of their own altruism. Women generally only control income with male permission, which may be withdrawn. Women’s own cash earnings are often incorporated into these existing patterns of resource allocation rather than radically transforming them. Although women may control some of their own earned income, this is widely variable between cultures, within cultures between different social groups, and even between households within the same family (Dwyer, et al, 1988).

Furthermore, the gender division of labor assigns women to productive tasks which are generally of lower status than those of men and receive lower levels of remuneration. Many productive tasks are performed on the basis of a gender (and age) division of labor within the household. This commonly means that men are responsible for the more prestigious tasks Women’s subordination to male authority is reinforced by most religious systems and reflected in everyday speech and in cultural
symbolism. It is further reinforced by ideologies of motherhood and “female altruism”. In the last resort social ostracism and male violence may be used. But, as discussed below, in many cases women themselves have often internalized ideas of their own inferiority and have very limited aspirations. Where women do attempt to challenge gender norms and stereotypes they are often ridiculed by other women as well as men. Constraints posed by poverty and gender inequality thus operate on many levels, and often mutually reinforce each other to seriously limit the options open for poor women. In many cases female small-scale entrepreneurs have been displaced by large-scale production dominated by men. Some women set up in self-employment only to find that the costs in terms of reduced prestige and overload of work outweigh the income benefits and revert to working for husbands or middlemen (for bag-weaving and silk-reeling in India see Mayoux, 1993c; 1995a). Some women work but hand over all or part of their income to their husbands to avoid domestic tension. Some women set up their own small business successfully, but the enterprises are later taken over by husbands or other male family members as they become bigger and more lucrative.

Sponsored women’s business training programmes as well as attempts to increase women’s participation in general programmes. This change was consonant with the increasing attention to micro-enterprises for women within the large donor agencies like USA and the World Bank. It was also in line with the increased attention to issues of efficiency and market realism within NUOs and other donor agencies. In addition to a wide ranging general literature on business skills for small-scale entrepreneurs (e.g. Harper, 1984), there are an increasing number of training manuals dealing specifically with women’s business skills. These training courses have worked either with individual women or with women’s groups. They vary widely in the levels of pre-training screening. Some explicitly target poor but “more enterprising women” who may be illiterate but still
have contacts and resources on which they can call (e.g. Kraus Harper and Harper, 1992). Others are aimed much more at groups of poor and illiterate women who are already working or involved in women’s groups, attempting to make these groups more profitable (e.g. Lockhead, 1990). The record of such courses is rather mixed. In the case of Carvajal, for example, although there was high initial drop-out rates, those entrepreneurs who remained experienced impressive rates of increase in income and good levels of loan repayment (McKean, 1989). Tototo Home Industries in Kenya also appears to have had a positive effect on the profits of participating women’s groups (Walsh et al., 1991). However, other studies of general training programmes accompanying credit provision in Latin America concluded that although in some cases some enterprises benefited, the training programmes were often of questionable value and that managerial extension had little impact.

Federation of Indian Chambers of Commerce and Industry (FICCI). ‘India and Bangladesh have no major difference in poverty. If micro-finance or micro-credit is successful in Bangladesh, it can be successful in India as well,’ Yunus emphasised. ‘The Graeme Bank and the work that we do is not something extraordinary and neither is it a model. It is a rather simple way of solving the complex problems of poverty,’ the 66-year-old economist said.’ Bangladesh is very close to achieving the UN millennium development goal of eradicating poverty. And we have been able to successfully reach 80 percent poor households ‘India has a long way to go, but it can come out with excellent results only if it catches the pace,’ he reiterated. All over the world, the significant of women. The same informal/ formal financial networks as men. As Verheul and Thurik (2001) conclude; “female and male entrepreneurs differ in the way they finance their businesses”. The dominant perspective has changed over time, with initial studies viewing micro-finance (and/or micro-credit) as a social strategy only (often in the context of poverty alleviation in
developing countries). This era was followed by one in which microfinance was viewed as a potential tool for economic development. Most recently there has been a growing recognition that microfinance has a role in both economic and social development. The result of this situation (where the topic of microfinance has been examined from quite different perspectives) is that it is a field that is lacking a well-defined body of knowledge for practitioners and/or policy-makers. As already noted, much of the early research was done in the context of developing countries, was small-scale and focused on describing what was happening (rather than evaluating its effectiveness). This situation has improved more recently, and while there is still a severe lack of robust research on a number of aspects relating to this topic (e.g. the experience of women and business, the role of microfinance in women’s economic self-determination), there are now some findings that are reasonably widely accepted. Women tend to have a lower debt capacity since their businesses are often under-capitalized and/or in activities with low profitability. Women appear to be more averse to risk and consequently demand fewer, smaller loans. Low-income women prefer other types of financing over debt for business purposes. Women own less property and consequently are less likely to meet collateral requirements. Microfinance services and groups involving men also have potential to question and significantly change men’s attitudes and behaviors as an essential component achieving gender equality. Targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s. This was the result of a number of factors: women’s human rights: official commitments to gender equity and gender mainstreaming on the part of most governments, donor agencies, NGOs and the Microcredit Summit Campaign itself. Poverty reduction: increasing evidence that not only are women overrepresented amongst the poorest people, but are also more likely than men to spend their incomes on the welfare of children
and dependents. Therefore poverty reduction programmes which target women are likely to be more effective. Financial sustainability: increasing evidence in micro-finance of much higher repayment and savings discipline among women than men. Not only reaching, but also empowering women, is the second stated goal of the Microcredit Summit Campaign. Literature prepared for the international and regional Microcredit Summits from 1997, many donor statements on credit and NGO funding proposals present an extremely attractive vision of increasing numbers of expanding, financially self-sustainable micro-finance programmes reaching large numbers of poor women borrowers. Donor funding for micro finance has generally been conditional on compliance with some variant of CGAP’s Guidelines for Best Practice aiming at financial sustainability. Although gender equality and women’s empowerment can significantly contribute to financial sustainability, gender impact has not been a consideration in choosing between the different policies options for financial sustainability. Worryingly also, funding for programmes which place prime emphasis on women’s empowerment continues to decrease. There is evidence of significant potential for micro-finance to enable women challenge and change gender inequalities at all levels if there is a strategic gender focus. There have also been many important recent innovations in products and services to enable women to better benefit. Nevertheless benefits cannot be assumed and even financially sustainable micro-finance if it is gender blind may seriously disempowered women and increase inequality. It is clear that most micro finance programmes have a long way to go before they make their full potential contribution to gender equality and empowerment. Many of the strategies promoted for financial sustainability may exacerbate the negative impacts of debt, because of over rapid expansion, rigid product design inappropriate to women’s economic activities, cutting of necessary support services and lack of
attention to local economic contexts. If micro-finance programmes are to fulfill their very significant potential, evidence indicates there is a need to rethink current ‘Best Practice’ to ensure that women have equal access to all types of financial services. Gender ‘Best Practice’ must also be integral to micro-finance design rather than a marginal and marginalized add-on to financial sustainability or poverty reduction. There is also a need for innovation to ensure that access translates into a significant and sustainable contribution to women’s empowerment. Different women have very different needs, even though they are often subject to similar forms of discrimination and disadvantage. Millennium development goals (MDGs). The eighth goals, adopted by the international community in 2000 set targets for 2015 on eradicating poverty. Achieving universal primary education, promoting gender equality, and empowering women, reducing child mortality, improving material Health, compacting HIV and AIDS and other discuses ensuring environmental sustainability, and providing financing for development. All eight MDG touch essential aspects of women well being, and in turn, women's empowerment is critical for achieving the goal UINIFEM has engaged in advancing the MDGs through three entry points In all regions and through all its thematic areas. Unfem program constitutions MDGs. Monitoring and analysis: and workers with government, and non-governmental organizes to eradicate programs in MDGs. Avoavay: through as partnerships to varies awareness and converge participative in MDGs advancing. In 1980 microfinance programs have improved upon original methodologies and extended beyond conventional thinking. First, microfinance demonstrated ENT rates (and often, rates that performed better than those in formal financial sectors). And second, that the poor were willing and able to pay interest rates that would allow the microfinance institutions (MFI5) to cover costs.To most, microfinance me that poor people, and especially women, had excellent repayments providing very poor families with very
small loans to help them engage in productive activities or grow their very small businesses. Like us, many poor people need and use financial services all the time. They save and borrow, invest in home repairs and improvements and meet occasional and domestic expenses such as food and school fees. It is essentially for promoting self-employment; the opportunities of wage employment are limited in developing countries - micro finance increases the productivity of self-employment in the informal sector of the economy - generally used for (a) direct income generation (b) rearrangement of assets and liabilities for the household to participate in future opportunities and (c) consumption smoothing. It is not just a financing system, but a tool for social change, especially for women-it does not spring from market forces alone - it is potentially welfare enhancing-there is a public interest in promoting the growth of micro finance-this is what makes it acceptable as a valid goal for public policy. While sophisticated econometric analysis is underway, preliminary analysis suggests that Graeme Bank has generated a number of benefits both at the household and village level. At the household level, the benefits from program participation include changes in income, employment, assets accumulation, net worth, and other household welfare indicators (such as contraceptive use, school enrollment of children, etc.). Program participation has embarked members to enhance their assets and net worth. For example, a program participating household owns 56 percent more resources and 51 percent more net worth than a nonparticipating household. Program participation has also increased calorie intake, especially among female household members. The incidence of poverty is substantially reduced among program participants. Labor force participation, especially among women, is higher among participants than nonparticipants; women’s labor force participation is 66 percent among program participants compared to 52 percent for non participants. The school participation rate of girls is also higher for
participants (57 percent) than for nonparticipants (36 percent). Program participation also increases the use of contraceptives, better toilet facilities, and better drinking water. In addition, program placement generates income gains for the poor as a whole through its impacts on the local resource allocation. For example, the daily male wage is 23 percent higher in program villages compared with no program villages. Even after controlling for village characteristics, the study finds that up to 11 percent of the 23 percent wage increase is due to Graeme Bank program placement. The leadership of Professor Muhammad Yunus has been the guiding force for Graeme's inception and expansion. But, over time, Graeme Bank has institutionalized a decentralized management structure with a cadre of dedicated professionals that is operating without much of his involvement. Moreover, subsidized funds and grants have been instrumental for its institutional development. However, through increased membership and lending, the Bank has reduced its subsidy dependency from 23 percent of subsidy per Taka lending in 1987 to 12 percent in 1993. Nearly 55 percent of its 1,039 branches are now operating with profits. It takes about five years of operation for a branch to realize profit. Since economies of scale exist in branch operation; Graeme Bank has the potential to eliminate subsidies through expanding its membership and lending. But its expansion depends on the entrepreneurial ability of borrowers and market opportunities. The high loan recovery rate, the low dropout rate and the finding a positive village-level wage effect suggest that the benefits from program participation are high and sustainable. But its continued support of traditional non-farm activities may not prove self-sustaining as Graeme Bank expands. The Bank must be able to expand lending in more growth-oriented activities for its survival in the long run. The group-based lending is replicable in other countries where the market failure requires credit to be targeted but the existing financial institutions cannot be used to deliver credit. The
model is also desirable if financial intermediation requires social mobilization such as organization, and imperfect information and imperfect enforcement make lending highly risky and costly. Because micro credit is aimed at the poorest, micro-finance lending technology needs to mimic the informal lenders rather than the formal sector lending. It has to a) provide for seasonality (b) allow repayment flexibility (c) eschew bureaucratic and legal formalities (d) fix a ceiling on loan sizes. It is a tool for empowerment of the poorest; the higher the income and better the asset position of the borrower, the lower the incremental benefit from further equal doses of micro-credit is likely to be. Microfinance approach is based on certain proven truths which are not always recognized. That the poor are bankable; successful initiatives in microfinance demonstrate that there need not be a tradeoff between reaching the poor and profitability - micro finance constitutes a statement that the borrowers are not ‘weaker sections in need of charity, but can be treated as responsible people on business terms for mutual profit. That almost all poor households need to save, have the inherent capacity to save small amounts regularly and are willing to save provided they are motivated and facilitated to do so That easy access to credit is more important than cheap subsidized credit which involves lengthy bureaucratic procedures - (some institutions in India are already lending to groups or SHG5 at higher rates - this may prevent the groups from enjoying a sufficient margin and rapidly accumulating their own funds, but members continue to borrow at these high rates, even those who can borrow individually from banks)‘Peer pressure’ in groups helps in improving recoveries. The typical microfinance clients are low-income persons that do not have access to formal financial institutions. Their “micro enterprises” represent an estimated 80% of the total enterprises in the world, 5 of urban enterprises and 2 of the GNP of their countries. Microfinance clients are typically self-employed, often household-based entrepreneurs. In rural
areas, they are usually small farmers and others who are engaged in small income-generating activities such as food processing and petty trade. In urban areas, microfinance activities are more diverse and include shopkeepers, service providers, artisans, street vendors, etc. Microfinance clients are poor and vulnerable non-poors who have a relatively stable source of income. Access to conventional formal financial institutions, for many reasons, is inversely related to income: the poorer you are the less likely that you have access. The poor often obtain financial services from informal financial relationships - credit can be available from commercial and non-commercial lenders, but often at very high interest rates; saving services can be available through savings clubs, credit associations and the like. As a result, the chances are that, the poorer you are, the more expensive or onerous informal financial arrangements. Moreover, informal arrangements may not suitably meet certain financial service needs or may exclude you anyway. Individuals in this excluded and under-served market segment are the clients of microfinance. Microfinance generally targets poor women because they have proven to be reliable credit risks and when they have the financial means, they invest that money back into their families, resulting in better health and education, and stronger local economies. By providing access to financial services-loans and responsibility for repayment, maintaining savings accounts, providing insurance-microfinance programs send a strong message to households and communities. Bangladesh, Cambodia, India, Laos, Malaysia, Nepal, Pakistan, Philippine, Sri Lanka, Thailand, Vietnam, and Indonesia formulated strategies and policies to support micro financing sector. Micro finance is believed as effective and strategic instrument to alleviate poverty. In the meeting, Public Statement (Komunike Yogyakarta 2004) that really promoted micro finance was declared. In view of the recent situation, the struggle for micro finance development that can serve the poor more widely and sustainably in
Indonesia has indicated some clear point. Yet, hard effort has not terminated. Although we find challenges, are found keep on optimism to realize the emerging micro finance industry/ in Indonesia. Especially, the wave of International Year of Microcredit (Microfinance) as what the United Nations has mentioned will also give strong impact of environment. Union works with its farmers to identify their individual expenses and determine a monthly "salary" (portion of harvest proceeds on deposit combined with an above-market interest rate) to be withdrawn from the credit union. In its infancy stage, the credit unions have noted an interest from agriculture-based clients in such a savings management program. Comparing other countries like Bolivia offers four loan repayment options that fit the cash flow of various agricultural activities, including an end-of-term payment for both principal and interest that fits single crop activities, and unequal payments at irregular intervals for farmers that have planted several crops with different harvesting periods. Flexibility is also provided in loan disbursements and farmers can receive the sanctioned loan amount in as many as three installments. They were only too aware of all the constraints they faced. They were quite willing to challenge many of the gender norms in the interests of a secure higher income, but felt unable to take risks with their social position if benefits were uncertain and insecure (Mayoux, 1989; 1993c). The multidimensionality of women’s subordination also raises questions about the degree to which micro-enterprise development will in turn instigate processes of change to challenge the discrimination they face. As discussed at length by others elsewhere the separation between women’s immediate “practical needs” and “strategic needs” is extremely artificial. In the case of micro-enterprise development, response to women’s immediate expressed need for an income may not significantly affect other aspects of gender subordination, and may even intensify them. Evidence from the author’s own research indicates that male family
members are often very supportive of initiatives to increase women’s incomes where this increases resources coming directly into the household and under their wider control, and where this does not require any change in women’s unpaid domestic or productive work. They are also often supportive of women breaching the most extreme forms of seclusion to this end. They are, however, often hostile to any attempts by women to increase their control over income, unwilling to take on any increased burden of household work and extremely suspicious of any attempts by women to increase their independence. Given the unequal patterns of intra-household income decisions, increases in women’s income from micro-enterprises as from other sources may merely substitute for male expenditure on family needs, freeing more male income for their own personal luxury expenditure. There are crucial questions to be asked about how far women themselves actually control any increase in their income, and how they are able to ensure such control. There are also questions to be asked about the degree to which women’s expenditure decisions are able to challenge entrenched inequalities rather than merely reinforcing them, and under what circumstances. There are questions to be asked about the degree to which even “successful” individual female entrepreneurship, or group entrepreneurship, is likely to lead to wider processes of poverty alleviation and/or change in gender inequality. As with men there is considerable differentiation between women within the small-scale sector. Women’s individual and group strategies not only vary, but may conflict with those of other women and/or women’s groups. There may be intense competition between women entrepreneurs as well as common problems caused by gender. Women’s individual entrepreneurship strategies (like those of men) may involve deceit and secrecy and may, particularly in the short term, depend on comparative advantage over other women. Their strategies are likely to involve alliances with certain
women and not others, particularly alliances with kin whose wider support and trustworthiness may be relied on in times of hardship. Furthermore; women’s entrepreneurship strategies are likely to be as reliant on the low wages of female labor as male entrepreneur’s strategies. Evidence indicates that, although sexual harassment and extreme forms of gender exploitation are absent, women entrepreneurs are as likely as men to manipulate gender inequalities and gender stereotypes. This was certainly the case in the author’s own research on women entrepreneurs and potential entrepreneurs in India (Mayoux, 1993b). Availability of financial resources to send more girls to school can produce a future generation of literate, better-educated women who are better able to take control of their lives. Health Effect: Financial Services Targeted at Women’s Special Health Care Needs May Empower Them. Credit, savings, and insurance may enable women to access basic women-specific health care, like hospitalization during child birth. Empirically, mixed evidence that financial sector development and improvements of gender equality are related. There is a large dispersion in gender equality all over the world. In most high-income countries, women are as educated as men and participate fully in the (non-agricultural) labor force. On average though, for 177 developing and developed countries over the period 1980-2004, there were slightly fewer girls than boys in primary education: 94 girls for every 100 boys. Female school participation is, thus, a function of income. In Afghanistan, for example, for every 100 boys, there were only 52 girls enrolled. In contrast, in Sweden, there are 112 girls for every 100 boys enrolled. This implies that if private credit continues to follow its current growth trend of 1.6 percent per year, female labor force participation would increase by 0.3 percentage points in the next 10 years. However, we cannot replicate these results when we study averages over the period 1980-2004. One of the reasons we do not find a relationship may be due to a complex, U-
shaped relationship between income and financial sector development on the one hand and female labor participation on the other hand. The private banks, which completely closely with public banks for the major share in the lending market. Lending to the private sector showed increased participation by the private banks, hence the growth. As stated earlier, however, the access to finance measures discussed here applies only to the commercial banking sector. Bangladesh leads microfinance efforts in South Asia with more than 1,000 semiformal microfinance institutions (MF serving more than 22 million people. Funds disbursed through microfinance have reached US$12 billion. These facts underlie the importance of microfinance in the system. The government also has supported this movement in many ways. The establishment of a Microfinance Research and Reference Unit (MRRU) in Bangladesh Bank and the enactment of the Microcredit Regulatory Authority Act (MRAA) are some examples. The MESA is processing licenses for microcredit institutions to streamline their operations. This natural experiment enabled researchers to study the impact of access to finance on poverty and output in rural areas. They found that nonagricultural output grew faster and poverty declined more in states with lower financial development in the period 1977—90, whereas the opposite was true outside this period. They estimate that a 1 percent increase in the number of rural banked locations reduced rural poverty by 0.36 percentage points and increased total output by 0.55 percent, due to growth in non-agricultural output. Microcredit and Educational Programs All Poverty in Bangladesh (Khandker, 1998). The microfinance industry originated on a large scale in Bangladesh with the creation of the Graeme Bank in 1983. The Graeme Bank’s goal is to provide credit to poor people, particularly poor women, so that they would have the opportunity to become self-employed. By 1994, the Bank mobilized more than 2 million members, and extended credit with a loan recovery rate of 95
percent. Other initiatives like the BRAC and Rural Development Project-12 (BR-) also emerged and extended credit in the same spirit of Graeme Bank, and complemented credit with educational programs for skills development. Based on a survey held in 1991-92, research finds that the microfinance development alleviated poverty in Bangladesh. About 83 percent of Graeme Bank participants were moderately poor and 33 percent were extremely poor before joining the program. After participation, these numbers were reduced to 62 percent and 10 percent, respectively. The 21 percent of households that graduated out of poverty did so on average over 4.2 years of membership with the Graeme Bank, which means that about 5 percent escaped out of poverty every year. Similar effects were recorded for the other microfinance programs, 3 percent for BRAC households and 6 percent for RID-12 households. The average increase of household output for all three programs was over 50 percent. Aggregate poverty at the village level also declined. Moderate poverty declined with 14 percent in RD-12 villages, 12 percent in Graeme Bank villages, and 10 percent in BRAG villages, respectively. In addition, Graeme Bank villagers were able to increase their wages at the village level with 21 percent by an increase in self-employment and escaping from the informal labor pool. About half the population of Bangladesh is eligible to participate in a microfinance program and about 45 percent actually does participate. Hence, assuming that 5 percent of microfinance clients graduate out of poverty every year, one can argue that microfinance programs in Bangladesh have alleviated 1 percent of the total population out of poverty every year. Rural and Urban Microfinance All Alleviate Poverty in Bolivia. Bolivia has an active microfinance industry with an urban focus. The Bolivian microfinance developed in the 1980s due to a combination of factors: Bolivia had a high population density, experienced rapid economic growth, deregulated its interest rates, and had a weak formal financial sector. As a
consequence, in 1999, 41 percent of all borrowers were clients of microfinance institutions, representing a portfolio of $180 million (4 percent of total bank assets). Broadly speaking, microfinance evolved from urban nongovernmental organizations (NGO) operations to rural commercial institutions (Mosly, 2001) a study assessed the impact of four Bolivian microfinance institutions on several dimensions of poverty relative to a control group, which was otherwise comparable to the credit takers. Initially, 14 to 27 percent of microfinance institutions’ clients were considered to be poor. The income increase of all clients relative to the control group of the four institutions was between 50 to almost 100 percent. The number of clients who lived in poverty decreased between 12 and 20 percent. Assets can be thought of as a more reliable measure of poverty. Data show that there was also a substantial increase in the value of assets of clients of the microfinance institutions, with total assets of poor clients increasing by 150 to 225 percent for enterprises; the largest portion was accounted for by increases in working capital (around 250 percent). For households, the largest value increase was in household equipment Recent evidence has shown a strong link between financial sector development and the reduction of poverty. The channels through which this occurs are multiple and include access to payments, savings, credit, and insurance services. Empirical evidence at the country, firm, and household levels has confirmed the importance of these channels for reducing Existing detailed studies of empowerment, mainly in Bangladesh, have used different definitions of empowerment and different methods of investigation and reached rather different conclusions, even about the same organizations. Nevertheless Despite the patchy nature of information, and debates about the impact of particular organizations, it is clear that: Many programmes have had negative as well as positive impacts on women. Where women have set up enterprises this has often led to small increases in access to income at the
cost of heavier workloads and repayment pressures. In many cases the loans have been used by men to set up enterprises over which women have little control. In some cases they have been employed as unpaid family workers with little benefit. In others there have been indirect benefits and improvements in various aspects of women’s well-being as a result of greater recognition of their role in the household and community. In some cases women’s increased autonomy has been temporary and led to withdrawal of male support. In some programmes there are increasing fears that women’s small increases in income are leading to a decrease in male contribution to certain types of household expenditure. Within schemes. Impacts often vary significantly between women. There are differences between women in different productive activities and between women from different backgrounds. In some contexts schemes mainly benefit women who are already better off in others poorer women are freer and more motivated to use credit for production. In most cases the poorest women are by-passed in both individual and group-lending programmes or is least able to benefit because of their initial low resource base, lack of skills and market contacts. There are also individual differences between women from similar background and within the santé industries. Positive impact on non-participants cannot be assumed, even where women participants are able to benefit. Women micro-entrepreneurs are frequently in competition with each other and the poorest micro-entrepreneurs may be disadvantaged if programmes do not include them. Where women employ labourers it cannot be assumed that they give better wages and conditions of work than men (Mayoux 1995a). Benefits for women’s families cannot be assumed. Women may employ daughters and daughters-in-law as unpaid family labourers increasing their workload. Although increased family income channeled through women often benefits children considerably. Anecdotal evidence suggests they may often still priorities
in the interests of boy children. Negative impacts are even more likely where women do not control the loans. Edith Kagino is married, with seven children, and she lives in a small piece of land. Before she married, she used to help her mother to keep the cattle in Luwero where she developed an interest in dairy. After marriage she worked in the workshop of her husband she is an honest and hard working woman. In 1991 she opened a savings account with the Uganda Women Finance and Credit Trust and she has been a regular saver. She acquired a loan in 1992, for two in-calf heifers and for the construction of a small cow shed. She planted Napier grass to feed the cows. Edith started off very well, with the first cow calving normally. Problems started when her husband instructed her to go back to the workshop. She could no longer take care of the cows, and eventually she lost one of them. She had discussions with her husband on this, but he insisted that she should remain in the workshop. Edith was eventually chased away from her home by her husband. She had to find shelter for herself and her seven children. The husband claimed the cows as his so she was not allowed to take them. After some months, with the help of in-laws, the husband called her back. But he had already sold the roofing sheets and construction materials of the cowshed and all grass was gone. She got pregnant again, and now the husband has decided to live with another wife. Edith's project is in a shambles. At the moment she is recovering from the shock, trying to start again. Edith's projects immarked as a doubtful debt. Moreover, increased funding has been accompanied by pressures from donors to adopt a financial systems approach which prioritises cost efficiency and financial sustainability. These emphases have been a reaction to inefficiency low repayments and lack of impact of many previous microfinance programmes. This approach takes demand for credit and repayment levels as indicators of success. Requires microfinance programmes to be ultimately self-sustaining and preferably making a profit. These
emphasizes favors large organizations in order to benefit from economies of scale and group lending where groups take much of the responsibility for savings and loan repayment (Otero and Rhyne 1994). Targeting women is being increasingly advocated because of evidence of their higher repayment rates. However, evidence suggests that the prioritisation of cost efficiency and financial sustainability may further dilute the potential contribution of microfinance programmes to women’s empowerment. Most of these women have access to credit to invest in businesses that they own and operate themselves. The vast majority of them have excellent repayment records, in spite of the daily hardships they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and to women. So, given these impressive statistics, can we ourselves on the back for our service to poor women and assume that women’s empowerment and other gender issues will take care of themselves? Although women’s access to financial services has increased substantially in the past 10 years, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. Some MFIs are providing a decreasing percentage of loans to women, even as these institutions grow and offer new loan products. Others have found that on average women’s loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. Some differences in loan sizes may be a result of women’s greater poverty or the limited capacity of women’s businesses to absorb capital. But they can also indicate broader social discrimination against women which limits the opportunities open to them, raising the question of whether microenterprise development programs should do more to address these issues. And looking at the leadership of many MFJs, we see very few women. Their contributions—whether selling the vision on a board of directors, designing products and services, or implementing programs—are
missing. Thus, as the industry becomes more sophisticated in developing targeted products and services, it makes sense to look at both targeting women and empowering women. Microfinance programs have the potential to transform power relations and empower the poor—both men and women. In well-run microfinance programs, there is a relationship of respect between the provider and the client that is inherently empowering. This is true regardless of the methodology or approach (whether the institution takes a minimalist approach of delivering financial services only or a more holistic or integrated approach). As a consequence, microfinance has become a central component of many donor agencies’ and national governments’ gender, poverty alleviation, and community development strategies. Several studies and the experiences of a number of MFIs have shown, however, that simply puffing financial resources in the hands of poor women is not enough to bring about empowerment and improved welfare. Several case studies show a beneficial effect of credit programs on empowerment of women and gender equality—For example, a case study on Bolivia reveals that financial services can increase self of women and improve their involvement and status in the community. Evaluations of other credit programs have also confirmed a relationship between women’s increased cash earnings and their status or ‘say’ within the household (Berger and Buvinic 1989). Since 1989, Freedom from Hunger has worked with local partners to develop and disseminate a cost-effective integrated program strategy called Credit with Education. It is thought that program participation creates fundamental changes in women’s inner sense of self, their social relations, and their lifestyle. These changes empower them to confront problems, take risks, and make their own informed choices for better health and nutrition. In addition to its potential for economic impact, group lending exposes women to new ideas, new experiences, and new opportunities for leadership roles that can foster their self-confidence. To test for these effects, the study develops
an empowerment index. The 1997 participants was 42; for non-participants, 2.6, and for residents in control communities, 2.8. When controlling for distance from major markets, the mean empowerment score for the participants was significantly greater than the mean score for non-participants of the credit for education program or residents of control communities’ participants. Identify clear possible channels through which financial development could benefit the specific MDG theme. New results using cross-country regression analyses show that there are positive relationships between financial sector development and these MDGs, with some evidence of causal relationships, but the quality of data does not allow for very strong tests. Supporting case study evidence-using household surveys and specific interventions suggests number of factors: Women’s human rights: official commitments to gender equity and gender mainstreaming on the part of most governments, donor agencies, NGOs and the Microcredit Summit Campaign itself. Poverty reduction: increasing evidence that not only are women overrepresented amongst the poorest people, but are also more likely than men to spend their incomes on the welfare of children and dependents. Therefore poverty reduction programmes which target women are likely to be more effective. Financial sustainability: increasing evidence in micro-finance of much higher repayment and savings discipline among women than men. Program (SIDP) and coordinated and organized by AgaKhan Foundation Pakistan. Household headed by women has crises women everywhere are shouldering household economic lenders responsibility. Migrant his hand, Sent some times do, and sometimes do not send remit k home. They are abandoned wives and young windows, unwed mothers, and refugee women with children. Data compiled by the popular council show a rise in female-headed household to 18 out of 26 censuses and Uniform is one of a number of united nation agencies charged with supporting countries in moving forward on the
millennium development goals (MDGs). The eighth goals, adopted by the international community in 2000 set targets for 2015 of eradicating poverty. Achieving universal primary education, promoting gender equality, and empowering women, reducing child mortality, improving material Health, compacting HIV and AIDS and other diseases ensuring environmental sustainability, and providing financing for development. All eight MDG touch essential aspects of women well being, and in turn, women's empowerment is critical for achieving the goal. UNIFEM has engaged in advancing the MDGs through three entry points in all regions and through all its thematic areas. UNIFEM program constitutions MDGs. Monitoring and analysis: and workers with government, and non-governmental organizations to eradicate programs in MDGs. Avovay: through various partnerships to various awareness and converge participative in MDGs advancing. In 1980 microfinance programs have improved upon original methodologies and extended beyond conventional charge their lenders interests on loans. While these interest rates are generally lower than those offered by normal banks, some opponents of this concept condemn microfinance operations for making profits off of the poor. It is a tool for empowerment of the poorest; the higher the income and better the asset position of the borrower, the lower the incremental benefit from further equal doses of micro-credit is likely to be. Delivery is normally through Self Help Groups (SHGs). It is essentially for promoting self-employment; the opportunities of wage employment are limited in developing countries - microfinance increases the productivity of self-employment in the informal sector of the economy. However the rapid spread of such skills further saturated already swelling female labor markets disadvantaging other, often poorer women already working in these industries (ibid.). There are thus some serious questions to be asked about the usefulness and desirability of such large-scale skills training programmes. Since the early 1980s some
programmes have been attempting to address some of these problems. There have been attempts to diversify the types of skills available to women by introducing new skills for women and/or training women in activities traditionally seen as male preserves. There has also been an increasing emphasis on business skills and entrepreneurship training. Some programmes have increasingly attempted to challenge the gender division of labor between and within industries through introducing women to new technology, or technology formerly used by men in both “male” and “female” industries (IWTC, 1982; Can, 1984). However, anecdotal and unpublished evidence from such programmes indicates that women often learn the new skills very successfully but still often continue to have problems entering “male preserves”. Sometimes problems are caused by open discrimination in the private sector and/or because of women’s lack of experience and contacts in the market for the new products (Wadhera, 1991; Antrobus, 1980). Particularly where new technologies are being introduced there have often been either problems with the technology itself, or marketing problems for the new types or qualities of product (Mayoux, 1988a; 1993c). The introduction of new skills has therefore often been far from easy, and has not automatically increased women’s incomes. Moreover some traditionally “female” activities are potentially lucrative with a change in product or market.

2- Comparing the micro finance in formal financial institution & non-formal financial institution NGOs we find the non-financial institutions is more accessible.

To compare the difference of access to finance in financial & non-financial institutions a (t-test) is conducted for the two independent samples (formal finance & non-formal finance), a statistically highly significant difference is found, Leven test for equality of var. <0.05 unequal variances ass. (t=−9.4, p=0.000, Mean (formal F.)= 1.769, Mean (informal F.) =2.84), difference is in favors of the informal finance
because its mean is considerably higher than the mean of the formal finance (table (9) & (10).

To check if there is any significant statistical difference between the sampled units' age groups, education level and place of residence as concerns the received loans, a one-way analysis of variance test applied. A significant statistical difference is found between the means of received loans for sampled units as age groups (F = 3.511, sig. = 0.031) (table 11). A highly significant statistical difference is found between the means of received loans for sampled units as education levels (F = 9.680, sig. = 0.000) (table 12). No significant statistical difference is found between the means of received loans for sampled units as place of residence (F = 0.359, sig. = 0.699) (table 13).

**With reference:**

Table (9): Descriptive statistics, table (10): Results of the (t-test) of the two independent samples, table (11): ANOVA table for received loans (age Groups), table (12): ANOVA table of received loans (ed. Level), table (13): ANOVA table for received loans (res. Groups).
The above-mentioned results agree with the facts that most banks are not ready to lend the poor because they have few assets to serve as collateral. In many countries, the poor turn to informal microfinance institutions rather than to the formal. One estimate of small enterprises in India puts the proportion of informal borrowing by small enterprises at two thirds of the total credit used by this segment (Jain 1999). Some banks tried to overcome this situation by making partnerships with already existing institutions located in the areas they serve. One of the best examples in this concern is the ICICI in India (Nair & Von Pischke 2007); ICICI set up a large scale program of partnership with so-called self-help groups that practice group lending by merging with smaller banks that already have a network of 1200 self-help groups, ICICI was able to expand to 12000 such partnerships within three years.

In Nepal the 2006 Access to financial services survey was conducted. The survey was the first attempt to measure the Nepalese household's access to deposit, credit, and payment services, broken down by types of providers. Providers of financial services are grouped into two broad categories: formal and informal. Formal institutions are banks, finance companies, microfinance development banks, and financial NGOs and cooperatives-both licensed and not licensed by Nepal Rastra bank. Informal providers include family members, friends, moneylenders, hundi, dikhuti (informal institutions similar to rotating savings and credit associations), shopkeepers, landlords and employers. The survey covered 1710 households and was constructed to be representative of the entire country. Just 28% of Nepalese households have an account with or loan from a bank, another 25% have an account with or loan from a formal financial institution other than a bank, 28% rely solely on informal financial services and 20% are financially excluded-with no services from the formal or informal financial sector.
In this dimension has tended to be poor. Nonbank finance remains much less important than bank finance in most developing countries, but it can play an important role in improving the price and availability of longer-term finance to smaller borrowers. Bond finance, for example, can provide a useful alternative to bank finance. The emergence of a large market in external equity requires strong investor rights; where these are present; opening to foreign capital inflows can greatly improve access and lower the cost of capital, with spillover effects for smaller firms. This is true for portfolio equity investments, foreign direct investment (FDI), and private equity, all of which are likely to become increasingly important in the future. Over the long term, economic growth helps reduce poverty and can be expected to lift the welfare of most households. Evidence suggests not only that finance is pro-growth but that it reduces income inequality and is pro-poor. How important in this process is the direct provision of financial services to poor households and individuals? Existing evidence suggests that indirect, second-round effects through. In many countries, however, access to financial services is limited to only 20-50 percent of the population, excluding many non-poor individuals and SMEs. That being the case, improving the quality of the services provided and the efficiency with which they are provided without broadening access is not enough; it would leave large segments of the population and their talents and innovative capacity untapped. The provision of better financial access to these excluded non-poor micro- and small entrepreneurs can have an especially favorable indirect effect on the poor. There are many reasons for the limited access to financial services, especially in the case of the poor. The poor may not have anybody in their social network who understands the various services that are available to them. Lack of education may make it difficult for them to fill out loan applications, and the small number of transactions they are likely to undertake may make loan officers think it is not worthwhile to help them. As financial institutions are likely to be
located in rich neighbor hoods, physical distance may also matter—banks simply may not be near the poor. Even if financial service providers are nearby, some poor clients may encounter prejudice—being refused admission to banking offices, for example. The poor face two significant problems in obtaining access to credit services. First, they typically have no collateral and cannot borrow against their future income because they tend not to have steady jobs or income streams that creditors can track. Second, dealing with small transactions is costly for the financial institutions. The new wave of specialized microfinance institutions serving the poor has tried to overcome these problems in innovative ways. Loan officers come from similar backgrounds and go to the poor, instead of waiting for the poor to come to them. Group-lending schemes improve repayment incentives and monitoring through peer pressure, and they also build support networks and educate borrowers. Increasing loan sizes as customers demonstrate their ability to borrow and repay reduces default rates. The effectiveness of these innovations in different settings is still being debated, but over the past few decades, microfinance institutions have managed to reach millions of clients and have achieved impressive Repayment rates. Even though subsidies are often involved, researchers are reconsidering whether it might be possible to make profits while providing financial services to some of the world’s poorest. Indeed, mainstream banks have begun to adopt some of the techniques used by the microfinance institutions and to enter some of the same markets. For many, however, the most exciting promise of microfinance is that it could reduce poverty without requiring continuous subsidies. Has microfinance been able to meet its promise? While many heartening case studies are cited—from contexts as diverse as the slums of Dhaka to villages of Thailand to rural Peru—it is still unclear how big an impact microfinance has had on poverty overall. Methodological difficulties in evaluating impact, such as selection bias, make it difficult to reach any solid
conclusion. So far, the evidence from microeconomic studies, taken together, does not unambiguously show a reduction in poverty. Additional research-ideally using more field experiments-is needed to convince the skeptics. One of the most controversial questions about microfinance is the extent of subsidy required to provide access. Although group lending and other techniques are employed to overcome the obstacles involved in delivering services to the poor, these mechanisms are nevertheless costly, and the high repayment rates have not always translated into profits. Overall, much of the microfinance sector-especially the segment that serves the very poor-still remains heavily dependent on grants and subsidies. Recent research confirms that there is a trade-off between profitability and serving the very poor. Microfinance has traditionally focused on the provision of credit for very poor entrepreneurs, and enthusiasts often emphasize how microfinance will unleash the productive potential of these borrowers, leading to productivity increases and growth. Yet much of microcredit is not used for investment. Instead, a sizable fraction of it goes to meet important consumption needs. These are not a secondary concern. For poor households, credit is not the only, or in many cases the priority, financial service they need: good savings and payments (domestic as well as international) services and insurance may rank higher. For example, one reason why the poor may not put any savings in financial assets may be the lack of appropriate savings products. The question, then, has two parts: Should finance for the very poor be subsidized, and if so, is microfinance the best way to provide those subsidies? The answer requires comparing costs and benefits of subsidies in the financial sector with those in other areas, such as education and infrastructure. The clear need for the latter set a high threshold if scarce public funds are to be diverted to subsidizing access. Within the financial sector, the case for subsidizing savings and payments services, which can be seen as basic services necessary for participation in a modern market
economy, seems stronger than that for credit. In the case of credit, interest rate subsidies in particular do not seem to be the way to go, given their negative incentive effects on repayment, the likelihood that much of the subsidy will in practice be diverted away from the target group, and the chilling effect on unsubsidized service providers just starting to provide small-scale credit. Instead, policies that encourage entry in general are more promising, as are policies that promote the adoption of novel techniques. Once in place, such techniques lower the unit cost of service delivery to the poor. Policies to broaden access: Perhaps more important, improving financial access in a way that benefits the poor to the greatest extent requires a strategy for inclusion that goes well beyond credit for poor households. Since expanding access remains an important challenge even in developed economies, it is not enough say that the market will provide. Market failures related to information gaps, the need for coordination on collective action, and concentrations of power mean that governments everywhere have an important role play in building inclusive financial systems. Not all government action is equally effective, however, and some policies can be counterproductive. Direct government interventions to support access require careful evaluation, something that is often missing. Discussion is selective, setting out principles for effective government policy, drawing on and generalizing lessons from specific examples that illustrate how other issues can be approached. Even the most efficient financial system supported by a strong contractual and information infrastructure faces limitations. Not all would-be borrowers are creditworthy, and there are numerous examples where national welfare has been reduced by overly relaxed credit policies. Access to formal payment and savings services can approach universality as economies develop. However, not everyone will—or should—qualify for credit. Nirdhan Utthan Bank Limited, one of Nepal’s largest microfinance development banks, has signed partnerships with several
commercial banks—Nepal Investment Bank, Nabil Bank, Bank of Kathmandu, Laxmi Bank—that allow them to use Nirdhan Utthan’s branch network for remittance services. (These banks have also developed such partnerships with international and national money transfer operators as well as foreign banks, such as Doha Bank.) Although Nirdhan Utthan has 43 branches, it offers remittance services in only 25. These partnerships provide the bank with additional income—it receives nearly half the commission from remittance transactions—and its clients appreciate having this additional service. Nirdhan Utthan provides the remittances in cash or bearer checks, based on the amount and the liquidity of the branch. Between February 2005 and July 2006 the bank conducted nearly 2,000 remittance transactions totaling $686,000, with an average payment of $344. On the India-Nepal corridor due to regulatory obstacles in India. Still, thanks to simple procedures for establishing and expanding them” and their more favorable exchange rates,’ money transfer operators have grown rapidly in number and importance. Although no data exist on the various formal channels, this point is supported by both the Access to Financial Services Survey and Nepal (such as Western Union and MoneyGram) and national (such as International Money Express and Prabhu Money Transfer) operators have entered the market Global money transfer operators have a broad agent network that includes commercial banks, local operators, and other companies. National money transfer operators tend to specialize in the main remittance corridors—such as the Gulf region and Dremit funds from India to Nepal, special approvals are required from the Reserve Bank of India, and the process is cumbersome. Other remittance providers include banks—including microfinance development banks—and post offices. Banks offer basic remittance services through bank-to-bank transfers or bank drafts. Some banks serve as agents for international money transfer operators such as Western Union. Banks have also developed special partnerships with banks in
remitting countries. For example, Nabil Bank, Himalayan Bank, Nepal Bangladesh Bank, and Nepal Investment Bank have partnered with Doha Bank to offer remittance services to Nepalese workers in Qatar. Stifi, banks are not large players in the remittance market. And the post office, despite its large network, is insignificant. Micro-level analysis of the behavior of financial services users can complement the broad picture of access provided by measures of the supply of such services. So, to complement the supply indicators in chapter 1 and better understand who has access to what and why in Nepal, the 2006 Access to Financial Services Survey was conducted. The survey was the first attempt to measure Nepalese households’ access to deposit, credit, and payment services, broken down by types of providers. The survey team held several consultative meetings with government officials, development partners, and private sector actors to put the results of the survey in Nepal’s political economy context. The team also visited some of the country’s main financial institutions—including apex microfinance institutions, which deal with clients across the country—and the general view was that the survey results reflected the political economy environment in which the different service providers have been operating. Providers of financial services are grouped into two broad categories: formal and informal. Formal institutions are banks, finance companies, microfinance development banks and regional rural development banks, and financial NGOs and cooperatives—both licensed and not licensed by Nepal Rastra Bank. Informal providers include family members, friends, moneylenders, hundi, dikhuti (informal institutions similar to rotating savings and credit associations), shopkeepers, landlords, and employers. Because Access to Financial Services is a cross-sectional survey of household access in 2006, it does not allow for comparisons of trends over time. The survey covered 1,710 households and was constructed to be representative of the entire country. Just 28 percent of Nepalese
households have an account with or loan from a bank. Another 25 percent have an account with or loan from a formal financial institution other than a bank. Some 28 percent rely solely on informal financial services, and 20 percent are financially excluded—with no services from the formal or informal financial sector. Comparable data on access to bank accounts are scarce. Still, available data indicate that Nepal performs poorly relative to other countries. Just over two-thirds of Nepalese households have an outstanding loan, whether from a formal financial institution, informal provider, or both. Nearly 38 percent had one from the informal sector only and 15 percent from the formal sector only. The rest had loans from both formal financial institutions and the informal sector. When considering all the sources for both formal and informal loans, financial NGOs and cooperatives are by far the largest providers (28 percent), followed by banks (24 percent) and family and friends (20 percent). Informal borrowing is more prevalent only in rural areas (reaching 40 percent of rural households). As with deposit accounts, the prevalence of informal lending in the Central and Western regions is explained by the limited penetration of financial NGOs and cooperatives, which in the Eastern and Far and Mid Western regions are the largest providers of credit to the poorest quintile. Microfinance development banks and regional rural development banks serve 20 percent of households with formal loans, mainly in rural areas and in the Terai, and are the largest providers of credit to the second quintile. The large difference between households with a deposit account in these institutions (8 percent) and an outstanding loan from them (20 percent) is because they mostly finance their loan portfolios through the deprived sector lending windows of commercial banks rather than through client deposits. Microfinance development banks and regional rural development banks mainly serve clients for loans under NRs 50,000. Finance companies are the least preferred providers, reaching just 3.4 percent of households with loans from formal...
institutions—almost exclusively in urban areas around Kathmandu and mainly in the top quintile (Salim Raj, 2007). Microfinance institutions play a key role in providing financial services to low-income households. Yet many microfinance clients prefer to save and borrow with the informal sector. Financial NGOs and cooperatives, followed by microfinance development banks and regional rural development banks, are the largest providers of financial services for low-income households. Still, many microfinance clients prefer to use the informal sector for deposit accounts and loans. The reason is that informal providers offer products and services better suited to the needs of low-income households—that is, with quick availability and no requirement for immovable collateral. Low-income households are much more likely than wealthier ones to have irregular incomes. In addition, many of their non-routine expenditures are for health care. Thus they often require quick access to financial resources. Moreover, half of Nepal’s low-income households cannot use their homes as collateral because they do not have the required documents and because their dwellings are in a bad area, in poor condition, or both. Informal providers better serve the needs of such clients by offering faster service and requiring no collateral. A third of the bottom three quintiles (the largest proportion) said that they borrowed informally because formal financial institutions take too long to provide loans. Moreover, less than 10 percent of informal loans are secured with collateral, compared with 64 percent of formal ones. The limited ability of formal microfinance institutions to adequately serve low-income households is reflected in their poor outreach, sluggish growth, high liquidity; and low profitability. Although regulated microfinance institutions represent only the tip of the iceberg of Nepal’s microfinance sector, they are broadly representative of the sector—if not better performing. Several factors explain the poor state of the formal microfinance sector in Nepal, including the complicated geo-political
environment, weak technical capacity. Lack of commercial orientation, and distortions arising from deprived sector lending policies. These factors affect the sector's profitability and are discussed below (Salim Raj, 2007). The microcredit movement has focused on women, with some programs providing services exclusively for women and others having a majority of female borrowers. Why this focus on women? First, women traditionally face greater access barriers to formal banking services and are thus also credit-constrained to a greater extent than men. In some countries, women are legally barred from opening accounts or applying for credit. In most of the developing world, women would not be deemed creditworthy since they do not hold formal sector jobs or the titles to their houses. Many restrictions faced by the poor in the developing world are thus even more exacerbated for women. As discussed by Emran, Moshe, and Stiglitz (2006), women also have lower opportunity costs if they do not hold formal sector jobs and are thus more likely to pay the high interest rates required for sustainable microfinance. Second, experience has shown that repayment is higher among female borrowers, mostly due to more conservative investments and lower moral hazard risk. The lower moral hazard risk might stem from lower mobility and higher risk aversion. Given that moral hazard seems to be the constraining factor in outreach to low-income households, women might therefore be the more attractive clients. While adverse selection might be more problematic among women, the joint-liability technique can control for this risk. To what extent do poor households really need credit? In the absence of credit, the poor might simply accumulate savings over time before investing and thus overcome credit constraints. If they are too poor to accumulate savings, access to credit can improve their incomes, although poor households might run the risk of over indebtedness. Dale Adams and others argue that better savings vehicles, not what they call “micro debt,” are the financial service most needed by most of the poor: rotating savings
and credit associations (ROSCAs) and microcredit are thus seen as imperfect tools to address savings constraints (Adams and von Pischke 1992; Rutherford 1998). This school also argues that despite popular beliefs to the contrary, the fact that the poor are capable of weekly repayments shows that the poor are capable of saving, even if it is only in small amounts (Rutherford 1998). Why are poor households less likely to save in monetary forms, that is, through the banking system, than other households? One constraint is certainly the geographic distance to bank outlets. A large share of the poor population in many developing countries is still concentrated in rural areas, and banking systems in developing countries typically concentrate their branch network in urban areas. That geographic access can matter for monetary savings is shown by the analysis of a pseudo natural experiment in Mexico. Specifically, Aportela (1999) analyzed the results of the expansion of a government-owned Mexican savings institute in the early 1990s. This expansion happened only in some states, and there seems to be no significant correlation of state characteristics with the expansion programs. Computing savings rates of low-income households from survey responses before and after the expansion started, Aportela shows that the expansion increased the savings rate of low income households—the ones targeted by the expansion in the first place—but had no effect on high-income households. In addition, the increased financial savings did not seem to crowd out other informal ways of savings: there was a positive net effect on the overall savings of the typical household. It also allows faster attention to health problems. Finally, there is an aggregate infrastructure effect, with more efficient financial institutions and markets allowing more private and public investment in the construction of schools and health facilities. The links between access to finance and the goals of environmental stability and global partnerships might be less obvious and have not been researched very thoroughly. However, arguments can be made for such
relationships, at least at the aggregate level. Ensuring environmental stability will require large investments in new technologies, and financial depth has shown to be conducive for capital reallocation across sectors. Finally, the goal of global cooperation will be hard to achieve without better functioning global financial markets. To evaluate the effect of increasing financial access for households and micro entrepreneurs one has to look beyond the direct impact on the household or enterprise and assess the impact on the whole economy. That cannot be done through micro studies. In particular, even if the very poor do not themselves gain access to financial services, they may benefit substantially from increased employment and other opportunities resulting from the activities of less-poorn micro entrepreneurs whose access has improved. With large numbers of the non poor still excluded from access to credit, these systemic effects could include trickle-down effects or the poor from improved access for the non poor. However, they could also include perverse trickle-down effects: if only a subset of households in a village has access to credit or insurance to smooth consumption, that subset will bid up the price of nontrade goods when a negative shock hits the village, so excluded households will be worse off than if nobody had access .Causal and statistically significant but sizable. Even after account is taken of the effect of other control variables, almost 30 percent of the cross-country variation in changing poverty rates can be attributed to cross-country variation in financial development. The estimated regression implies that had Peru started with the same financial depth as Chile, its poverty headcount would have grown a full 5 percentage points more slowly, so that by 2002, just 5 percent of Peru’s population would have been living on less than $1 a day instead of the actual share of 10 percent. These women account for nearly 74 percent of the 19.3 million of the world’s poorest people now being served by microfinance institutions. Most of these women have access to credit to invest in businesses that
they own and operate themselves. The vast majority of them have excellent repayment records, in spite of the daily hardships they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and to women. So, given these impressive statistics, can we put ourselves on the back for our service to poor women and assume that women’s empowerment and other gender issues will take care of themselves? Although women’s access to financial services has increased substantially in the past 10 years, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. Some MFIs are providing a decreasing percentage of loans to women, even as these institutions grow and offer new loan products. Others have found that on average women’s loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. Microenterprise development for women, as for men, is generally premised on the assumption that the small-scale sector is both viable and desirable. Despite different emphases in the two approaches, in practice the predominant strategies are essentially micro-level and “incremental”. They aim to increase the numbers of enterprises and their profits, rather than directly to address issues of inequality in access to power and resources at the local, national or international levels. In the market approach attention to macro-level strategies has focused on integrating women within existing structures rather than challenging the structures themselves. More radical NGOs like SEWA and Working Women’s Forum, and some partners of Northern NGOs like Oxfam, have taken a broader approach. However, as discussed by the author elsewhere (Mayoux, 1995b), pressure from donors (who often espouse the market approach and/or who are demanding demonstrable impact “on the grassroots”) continues to push even these organizations towards a narrower micro-level economic focus. They also generally have fewer
contacts with others who might lend funds or goods to start up an enterprise except on very exploitative terms. Gender constraints: Poor women have even less access to productive resources than men of the same social class because of discriminatory systems of property ownership and discrimination in employment. The degree to which they control income in the household is widely variable, as is the degree to which they can control income which they themselves earn (Salim Raj, 2009). Class constraints: Where wage incomes are low, poor people have to engage in a wide diversity of non-market survival activities. They generally have less time to spend on activities which do not yield immediate and tangible benefit. Gender constraints: Women have even less time than men because of the unequal gender division of labor in unpaid productive and reproductive activities Class constraints: Poor people are less likely to be literate and have lower levels of formal education. They may, however, have high levels of technical skill in particular occupations Gender constraints: Women have even lower levels of literacy and formal education. They may have high levels of skill in “female” occupations, but have fewer opportunities to learn non-traditional skills. Class constraints: Poor men may have better contacts with labourers with particular skills from the same class and social group than outsiders. In many societies they may be less able to employ workers with high status skills. Gender constraints: Norms of gender hierarchy and separation may give women privileged access to the labor of women and girls, particularly within their own families. They are however often less able to employ male family labor or wage labor. Class constraints: Many of the most lucrative markets are very difficult to enter because of organizations of wealthy traders and entrepreneurs Gender constraints: Women are often explicitly excluded from the most lucrative markets on the basis of gender. Even where exclusion is not explicit, in many societies women are subject to constraints on their mobility outside the
home and in areas of “male space”. Moreover, first, as emphasized in recent management literature (notably Peters, 1987) as well as earlier co-operative literature, there may be considerable gains in productivity and efficiency where the creativity of workers is allowed full expression. In many small-scale industries labor skill and commitment are crucial to success, both in production itself and important areas like technology adaptation and development. In fact, there are likely to be serious costs to enterprises where labor welfare is ignored, because of high levels of absenteeism, lack of commitment and high levels of labor turnover. Second; from a wider perspective, earning and experience as labourers are often crucial factors enabling poor people to become entrepreneurs in the first place (for the silk-reeling industry see Mayoux, 1993b). Finally; it cannot be assumed that expanding the numbers of small-scale enterprises is necessarily desirable. Where access to micro-enterprise programmes is not carefully targeted towards poor entrepreneurs, it is generally better-off entrepreneurs who get access to programmes—therby further disadvantaging the poor. Particularly in crowded and stagnant markets, like those characterizing “female industries”, the desirability of expansion is doubtful. Although for workers “exploitation is better than no exploitation”, the degree to which an expansion in employment opportunities increases their bargaining power cannot be assumed. This depends very much on levels of mobility between enterprises, and between industries. In crowded or stagnant markets increasing the numbers of enterprises may merely reduce profits and hence margins for wages. As discussed in more detail below, for women an expansion in employment opportunities may lead to increased pressure to take up poorly paid waged work to free male incomes for other purposes. She soon had 37 women working for her making mats and toys. Although the government was slow paying and she had to borrow Rs 5000 from a neighbor at 5 per cent per month interest, by 1990 she had repaid the bank
loan. She was making Rs 1,190 per month net profit and was planning to further expand and apply for a bank loan of Rs 25,000 to buy a weaving machine. Women’s social status is generally defined by their relation to men. Women are seen, both in custom and formal legal systems, as the dependants of men and are subject to their authority as fathers, husbands, brothers and community leaders. Access to family and community productive resources is generally differentiated by gendered patterns of inheritance and usage. Women’s status in many legal systems denies them independent access to land, credit and other types of financial transactions. Even where formal independent rights exist, these often assign fewer resources to women. Moreover wider aspects of gender discrimination and the other disadvantages women face make it very difficult for them to enforce what rights they do have and/or to act independently. Women generally have very limited control over cash incomes and very limited scope for saving and investment in enterprises. Household budgeting arrangements are generally controlled and dictated by men. Women's increasing participation in micro-enterprises must be seen in the context of wider economic trends and the alternative economic options (or perceived options) open to women. Women have even more limited choices than men and in many cases their range of options further decreased over the 1980s as a result of changes in agrarian structure and macro-economic policies. Agricultural policies since national independence have in many countries eroded women’s access to land and other productive resources and increased their dependence on waged work. Structural adjustment policies have led to a decrease in state-run industries and services and government support for industries like textiles, all of which employed or were beginning to employ significant numbers of women. The reasons for women’s high and increasing levels of participation in the small-scale sector are extremely diverse. Even individual women may have competing and in some senses conflicting
motivations for increasing their levels of participation in market activities, or entering the market for the first time. On the one hand, women are increasingly demanding access to an independent income as a means of resisting gender subordination. Some of them (Elwathig Kamier, et al, 1985) Working as wage labor on Hairdressers or in the Houses. Those women who work as producer deserve Access to financial services to raise the standard of living of the poor and the under severed segment, of society. Limited access to finance is considered a key constraint to private sector growth and women dependency so the system needs a reform where the financial sector often benefits the rich disproportionately. So it is important to monitor and measure the level of access to finance their one of the objective of this study. Over the past year, prices of even the most basic foods have become too expensive for the world; poor. The research of the families are enduring extreme hunger or starvation particularly women and children. What role should governments play in providing basic necessities? And who fills those gaps when government and private companies fall short. The aftermath of 2007- 2008 bread crisis in Egypt hightoghts the many ways that women compensate when governments and others can’t supply basic needs such as health care, allocator and social services. Governments must step up so women don't Hence to step in women and microfinance poor women in particular benefit for microfinance services, women's status both its their homes and their communities it devoted whom they are responsible for margin loans and savings. The ability t9 generate and control their won income can further exposure women's Indian school of microfinance for women. The Indian school of microfinance for women- stated in June 2003 I's an institutive in microfinance where. Particularly the case where there is an implicit (and in some cases explicit) prioritization of donor interests It is a tool for empowerment of the poorest; the higher the income and better the asset position of the borrower, the lower the
incremental benefit from further equal doses of micro-credit is likely to be. Delivery is normally through Self Help Groups (SHGs). It is essentially for promoting self-employment; the opportunities of wage employment are limited in developing countries - micro finance increases the productivity of self-employment in the informal sector of the economy - generally used for (a) direct income generation (b) rearrangement of assets and liabilities for the household to participate in future opportunities and (c) consumption smoothing. It is not just a financing system, but a tool for social change, especially for women - it does not spring from market forces alone - it is potentially welfare enhancing - there is a public interest in promoting the growth of micro finance - this is what makes it acceptable as a valid goal for public policy. Access to conventional formal financial institutions, for many reasons, is inversely related to income: the poorer you are the less likely that you have access. The poor often obtain financial services from informal financial relationships - credit can be available from commercial and non-commercial lenders, but often at very high interest rates; saving services can be available through savings clubs, credit associations and the like Poverty is multi-dimensional, and by providing access to financial services, microfinance plays an important role in the fight against the many aspects of poverty. Access to credit allows poor people to take advantage of economic opportunities - for their homes, their domestic environments and their communities. For instance, income generation from a business helps not only the business activity expand but also contributes to household The literature on women in the small-scale sector thus indicates that there are certain contexts where there may be potential for micro-enterprise development. It also indicates that women may become successful entrepreneurs. Nevertheless, it also indicates that there are likely to be serious limitations on the prospects for poor women because of the severity of the disadvantages they face and the many levels
on which these operate. It also cannot be assumed that increases in income will necessarily translate into increased control over that income or increased well-being or changes in other aspects of gender inequality. Part H looks at the experience of training, credit and group production programmes. Much of the literature on which it is based has been commissioned by funding agencies and therefore, as discussed below, has some serious shortcomings. In what follows we are concerned more with the effects on women of programmes than with their cost-effectiveness, and as far as possible on the basis of the material available our discussion addresses the following questions: Flow many women have been assisted and are these poor women? To what degree have micro-enterprise programmes succeeded economically in terms of sustained increases in women’s incomes? What evidence exists that these increases in incomes have translated into changes in the position of those women involved. A number of studies found that women were vastly under-represented in many formal business training programmes and “mainstream” programmes.

In May 2006, the Government amounted its proposals for changing the pensions system - including measures aimed at making pensions fairer for women Fawcett broadly welcomes these changes . In the 1990s microfinance targeting women became a major focus of gender policy in many donor agencies. Literature prepared for the 1997 Microcredit Summit, donor policy’ documents and NGO funding proposals all present an extremely attractive vision of increasing numbers0 expanding, financially self-sustainable microfinance programmes reaching large numbers of women borrowers. Through their contribution to women’s ability to earn an income, these programmes are assumed to initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment. However, more recently, as the findings of research and
experience have filtered through, this initial enthusiasm is being replaced by skepticism. Here it is argued that, although the widespread complacency about the automatic benefits of microfinance for women needs to be questioned, the shortcomings of existing practice should stimulate the search for improvement and innovation, rather than provide the basis for cynical inaction. It is not microfinance per se which is the problem, but the ways in which ‘best practice’ has become dominated by concerns of financial sustainability. Due to their multiple household and economic responsibilities women face serious time constraints and therefore are negatively impacted by transaction costs. Other researchers have accumulated enough knowledge to be able to describe characteristics of effective micro-finance programmes. For example Orser and Foster (1994) concluded that an effective micro-finance initiative would be characterized by: Simplicity, Risk assumption, Accessibility, Active solicitation. The fact women are often unable to meet the guarantees required by lending institutions. For example, in Australia Still and Tams (2000) found that the gendered distribution of wealth (e.g. access to finance and accumulation of assets) was a significant issue for women in small business. That finance for ongoing businesses is less available largely due to the inability of women to penetrate formal and informal finance networks the issue of whether women’s relationships with bankers suffer due to sex stereotyping and discrimination. The relevant findings from some of these dominant areas are discussed in more detail in the following sub-sections of the report. Whilst the research into these areas presents similar conclusions, and often forcefully, the field as a whole is characterized by conflicting, and often contradictory, empirical evidence (Carter & Rosa, 1998). Some research finds supporting evidence and on that basis presents strong arguments to support the disadvantages women face. For example Carter, Williams & Reynolds (1997): “overt discrimination has been viewed as restricting
women’s access to critical opportunity structures and resources in the external environment”. Report mixed findings in terms of the presence of discrimination and often directly challenges the validity of significant pieces of earlier research in the field. For example Buttner and Rosen (1989) suggested that the findings of Lisrich and 1982 study might not be valid. Indeed gender difference rather than disadvantage is often the conclusion drawn in relation to the consideration of financial issues. In this context Buttner and Rosen (1989) found that the financial data in business plans was more influential than gender in determining the allocation and magnitude of start-up loans (but that the presence detailed financial data was often associated with gender). The focus on disadvantages faced at start-up has created a wealth of data, but perhaps at the expense of understanding the financial concerns of nascent entrepreneurs or whether disadvantages are resolved once trading commences Carter (2000). Verheul and Thurik (2001) made the point that the impact of gender on finance can be indirect (referring to differences between males and females with respect to types of business, management experience etc) or direct (i.e. an effect that cannot be attributed to such characteristics and is therefore related to gender). The authors’ point about the indirect effect of gender raises the fact that women do have a tendency to enter industries or sectors in which start-up costs are lower, and that these Choices are arguably as a result of financial disadvantage they face. Much of the research that has investigated the perceived barriers to women dealing with banks has focused on determining whether gender stereotypes and discrimination are the main causal factors. As a by-product of that relatively narrow focus there has been some information collected about the nature of the interaction between women and banks and perceptions of why the relationship is often negative. Riding and Swift (1990) and Haines, Orser and Riding (1999) argued that the pervasive belief that women face
greater difficulties obtaining bank credit than men is supported by the popular media, professional literature, lobby organizations and academic literature. However, there is significant empirical evidence that does not support the allegation of gender bias. Two reasons put forward to explain this conflicting evidence are that research results in the area are highly sensitive to the methodology employed and that the heterogeneity of women-owned businesses is not taken into account. Indeed often studies are single gender in nature and would appear to rely disproportionately on anecdotal evidence, rather than on gender comparative empirical studies. An example of findings from a comprehensive investigation of a gender-comparative nature are the points made about the difference between the finance experiences of male and female entrepreneurs made by Verheul and Turk (2001).

Economic expansion is the main priority for the continent but this growth must coincide with social and political progress. It is increasingly clear that Africa’s problems will not be solved through aid. Africa needs political reform, better infrastructure and a change in social attitudes, particularly towards women’s rights. Of course, to generalise about all African nations would be unwise, as it is a vibrant and diverse continent with differing values and beliefs. Women’s rights are not ignored in every African country and it would be foolish to think that. Nevertheless, 70% of the world’s poor are women which relates to the systematic discrimination they face in education, health care, employment and control of assets. This discrimination has had an untold effect on the economic status of African women who are already at a disadvantage. With very little opportunity for women to advance, Africa’s poverty rate will remain high. Africa’s economic progress is as bound to the advancement of its women as it is to its political stability. In an increasingly interconnected world, women’s rights need to be addressed by the international community. Neglecting women’s rights will continue to have global implications in the form of human
trafficking, economic stagnation and spread of disease. It would be naïve to assume that the rights of African women are an African problem. Clearly; access to financial services is imperative for the development of the informal sector and also helps to mop up excess liquidity through savings that can be made available as investment capital for national development. Unfortunately, in spite of the obvious roles that microfinance institutions have been playing in the economy particularly over the last twenty years, there is lack of data on their operations. It is known that loans advanced by microfinance institutions are normally for purposes such as housing, petty trade, and as “start up” loans for farmers to buy inputs for farming and this includes rice seeds, fertilizers and other agricultural tools. Some of the loans are used for a variety of non-crop activities such as: dairy cow rising, cattle fattening, poultry farming, weaving, basket making, leasing farm and other capital machinery and woodworking. Of course, funds may be used for a number of other activities, such as crop and animal trading, cloth trading and pottery manufacture. There are other instances where credit is given to groups consisting of a number of borrowers for collective enterprises, such as: irrigation pumps, building sanitary latrines, power looms, leasing markets or leasing land for cooperative farming. For example, trends in loans and advances extended to small businesses, individuals and groups by the Non-Bank Financial Institutions (NBFI in Ghana amounted to GH¢50.97 million in 2002 as against GH¢39.64 million in 2001, indicating about 28.6 per cent growth. Women, as it turns out, are an excellent risk. Worldwide, microfinance loans serve almost 20 million people living in poverty. 74% of these clients are women. At the Graeme Bank, the world’s largest microfinance institution, more than 90% of loan clients are women. It is true that women tend to make their payments more reliably than men. But more importantly, a loan in the hands of a woman has a better chance to change not just her life, but to improve her
children’s opportunities and her society’s prosperity. Why is the combination of microfinance and women so potent? For one thing, women are ambitious, for themselves and for their families. As they lift themselves out of poverty, they carry their families to a better life. Once they get a leg up, women are more likely to spend their earnings on medical care and education for their children. Some people worry that this could lead to an increase in domestic violence. More often, however, the opposite has been true. People have discovered that women’s participation in microfinance has led to an overall decrease in domestic violence in their household as the strains of poverty are lifted. In fact, the dynamic in many families appears to improve as men benefit from the household’s increased prosperity. Perhaps the biggest obstacle women face is a lack of education. Illiteracy into the workforce over the past three decades has produced profound transformations in the organisation of families, society, the economy, and urban life. Since the late 1950s, women’s economic activities have been steadily increasing. Women have always actively participated in their local economies. In Africa, for example, women produce 80 percent of the food and in Asia 60 percent and in Latin America 40 percent. In many cases, women not only produce the food but market it as well, which gives them a well-developed knowledge of local markets and customers. This is a small example of the importance of women’s work in society. It does not illustrate the real extent of women’s contribution, especially in developing countries, not only to the labor force, but also their role as a significant income-source for the family. For instance, in Africa all tasks related to a family’s support are the responsibility of women. Due to cultural and traditional aspects, a woman’s presence has been a question of survival of her family. Women, especially poor mothers, must divide their time between work “productive role” and family “reproductive role”, and balancing all the demands. Time is valuable for these women, as their livelihoods
depend largely on their ability to fulfill the multiple demands of the household and the marketplace. In spite of the remarkable importance of women’s participation, their jobs have been considered as an “extra income” to family survival or simply to improve its living conditions. Moreover, micro enterprises owned by women have been considered as a way to meet primary needs instead of a profitable source of income. Considering the entrepreneurial environment; women’s activities are very interesting as they offer a great source of knowledge and innovation. For example: there is no single type of female micro-entrepreneur, they differ in social background, educational level, experience and age. Another interesting factor is their strong social coherence that allows them to maintain strong communications-channels at all levels. One important element, and perhaps the only characteristic that men will never have, is the possibility to transfer “motherhood skills” to job. These include fostering of other people’s development through guiding, monitoring, and sharing information. Women are experienced in balancing claims, in organizing and pacing, and in handling difficulties. In general terms, female-led microenterprises tend to be associated with activities that provide part-time employment. Although men, as well as women, face difficulties in establishing an additional enterprise, women have barriers to overcome. Among them are negative socio-cultural attitudes, legal barriers, practical external barriers, lack of education and personal difficulties. In spite of this, for women and especially for poor women, microenterprise ownership has emerged as a strategy for economical survival. One of the most essential factors contributing to success in micro entrepreneurship is access to capital and financial services. For various reasons, women have had less access to these services than men. In this context, credit for microenterprise development has been a crucial issue over the past two decades. Research has shown that investing in women offers the most effective means to improve health, nutrition,
hygiene, and educational standards for families and consequently for the whole of society. Thus, a special support for women in both financial and non-financial services is necessary. Regarding limited-access to financial services, women depend largely on their own limited cash resources or, in some cases, loans from extended family members for investment capital. Smaller amounts of investment capital effectively limit women to a narrow range of low-return activities which require minimal capital outlays, few tools and equipment and rely on farm produce or inexpensive raw materials. In general, women need access to small loans (especially for working capital), innovative forms of collateral, frequent repayment schedules more appropriate to the cash flows of their enterprises, simpler application procedures and improved access to saving accounts. Surveys have shown that many elements contribute to make it more difficult for women in small businesses to make a profit. These elements are: Lack of knowledge of the market and potential profitability thus is making the choice of business difficult. Inadequate book keeping Employment of too many relatives which increases social pressure to share benefits: Setting prices arbitrarily. Lack of capital. High interest rates Inventory and inflation accounting is never undertaken. Credit policies that can gradually run their business (many customers cannot pay cash; on the other hand, suppliers are very harsh towards women). To increase women’s access to credit, donor community should the Increase the availability of working capital; Experiment with lending programmes that do not require conventional forms of collateral; Replicate and expand existing successful methodologies for delivering small working-capital loans; Introduce savings mobilization components in the context of credit or other enterprise assistance programmes Promote credit policies that are open to both small-scale enterprise activities and enterprises operating in trade, commerce and other small enterprise sectors where women have higher participation rates. Technical
assistance for micro enterprise development should focus more on basic training in product marketing and design concepts and on transmitting skills to increase and diversify production. Governments can also directly increase the market for micro enterprise products by improving rural and urban infrastructure. Traditionally women have been marginalized. A high percentage of women are among the poorest of the poor. Microfinance activities can give them a means to climb out of poverty. Microfinance could be a solution to help them to extend their horizon and offer them social recognition and empowerment. On the other hand, thank to women’s capabilities to combine productive and reproductive” roles in microfinance activities and society has enabled them to produce a greater impact as they will increase at the same time the quality of life of the women micro-entrepreneur and also of her family. Short-term assistance programmes might aim at increasing the productivity of women’s labor by providing credit, technology, and skill training. Long-term objectives could emphasize eliminating institutional constraints which limit women’s access to productive resources, creating social, technological, and economic mechanisms to reduce conflicts between women’s productive and reproductive roles, as well as defining strategies to address traditional and legal barriers that hamper or preclude the active participation of women in the productive sectors of the economy. Sound corporate governance creates an environment that promotes banking efficiency, mitigates financial risks, and increases stability and therefore the credibility of financial institutions. Developing countries have much to gain by improving their corporate governance standards, still mostly in the development stage. The basic principles of sound corporate governance are the same everywhere: fairness, transparency, accountability, and responsibility are the minimum standards that provide legitimacy to banks, reduce vulnerability to financial crisis, and broaden and deepen access to capital. Corporate governance scoring is challenging
and must be approached with care. Unlike other forms of financial analysis, where quantitative measures can provide “hard” benchmarks to guide more qualitative aspects of analysis, assessment of corporate governance is largely a qualitative exercise. A questionnaire was developed to assess sound corporate governance in terms of ownership structure and influence of external stakeholders, investor rights, transparency and disclosure, and board structure and effectiveness. The good governance practices outlined by the OECD serve as the basis for the questionnaire developed to assess the corporate governance of South Asian countries in this report. In February 2006, the Basel Committee on Banking Supervision also issued a guidance paper on corporate governance articulating the eight principles to enhance corporate governance for banking organizations, and to guide the actions of the directors, managers, corporate governance is assessed through a series of straightforward questions. Because of comparability and data issues, the analysis is limited in coverage to commercial banks and ignores a range of other deposit-taking financial institutions, such as post office savings schemes, cooperative banks, microfinance institutions, and so on. Therefore, the interpretations and the general applicability of the findings on access to finance dimension is limited only to the commercial banking sector. For example, the microfinance movement, as a medium of financial access, is a significant feature in the economic structure of South Asia. All six of the larger countries in the region either have a microfinance regulation in place (Nepal and Pakistan), are considering a draft law (Bangladesh, India, and Sri Lanka), or are actively debating what kind of regulation should be adopted (Afghanistan). The microfinance movement provides most of the access to financial services available to low-income people in South Asia, but it is still largely a separate part of the financial system with few examples of direct service provision to the poor by "mainstream" commercial institutions. And,
despite the growing discussion about and enthusiasm for developing a seamless, inclusive financial sector, there is little evidence that this will happen to any great extent in the near future. Only in India are there significant examples of bank involvement in microfinance. This includes the linkage models with micro-finance institutions (MFIs), the large and growing bank SHG (self-help-group) links, and involvement in the market of large commercial banks such as ICICI Bank, including international banks like ABN Amor and City Also, Amoreral local and international social investment funds offering debt and equity products are active in India, something that has not taken off elsewhere in the region. But even in India, aside from the bank-SHG model, which has its own special characteristics, evidence of mainstreaming remains limited to a relatively small part of total outreach. Having more than 50 percent of the world’s poorest people, and South Asia faces the daunting task of developing their economies while eradicating poverty. In terms of income group classification, India, Pakistan, and Sri Lanka are classified as lower-middle-income countries while Bangladesh and Nepal are classified as low-income countries, based on their per capita gross national income (GNI). Populations range from 19 million in Sri Lanka to more than 1 billion in India, which accounts for around 75 percent of the region’s population and 80 percent of its GDP. Together, Bangladesh, India, and Pakistan account for around 97 percent of the region’s population and GDP. Financial sectors in South Asian countries continue to be dominated by their banking sectors. With the exception of India, capital markets are at early stages of development, hence private sectors continue to rely on bank credit rather than bond or equity financing, for their investment requirements. South Asian countries, however, are making considerable efforts to develop their financial sectors. *Bangladesh* With a population of around 144.3 million and a GDP of nearly US$61.96 million (2006 data), Bangladesh is the third largest
country in terms of these two measures. Analysis of the micro indicators of the Bangladesh commercial banking sector suggests that the main focus should be stability (improving the capital base and provisions, improving credit quality, and tightening underwriting standards to bring down nonperforming loans [NPLs]) performance and evaluation (curtailing operating costs and improving margins), and corporate governance (aligning local accounting and auditing standards with international best practices and improving the corporate governance policy). Banking sector concentration is commendably low on all measures, but higher levels of bank credits and assets denote the competitiveness of the banking sector. As with most other South Asian countries, Bangladesh capital markets are still at the developmental stage with a weak bond market and low equity market capitalization. Improvements in the market infrastructure and regulatory aspects would be needed before Bangladesh can reach its full potential as a reliable long-term Funding source. Financial outreach improved marginally between 2001 and 2006. Demographic branch penetration decreased slightly from 4.83 bank branches per 100,000 people in 2001 to 473 in 2006. By the end of 2006, however, demographic automated teller machine (ATM) penetration growth was still low at 0.3 per 100,000 people. The geographic branch penetration hardly changed, whereas ATM penetration increased by nearly 200 percent from 0.91 per 1,000 km to almost 2.71 in 2006. On usage of financial services, deposit accounts rose gradually from 231.97 per 1,000 people in 2001 to 255.23 in 2006, and loan accounts-per 1,000 people grew by about 8 percent. The deposit mobilization of commercial banks largely remains an urban phenomenon. This study also uses household survey data to examine household and intra-household impacts on income, employment, asset accumulation, nutrition, health, and education. Some of the findings of this study are reported below. Graeme Bank believes that lack of access to credit is the biggest
constraint for the rural poor. If the poor are provided credit on reasonable terms, they themselves best know how to increase their incomes. Graeme Bank targets and mobilizes the poor and creates social and financial conditions so that they receive credit by identifying a source of self-employment in familiar rural non-farm activities. The Bank’s method of targeting the poor is effective as it mobilizes only those who are willing to bear the costs of group formation, training, and monitoring each other’s activities, and those who are satisfied with the relatively small sums they can borrow and repay. To better meet its ultimate goal of social and economic development, Graeme Bank targets women more than men. By doing so, it directly credits to the poorest and the least empowered and helps improve the living standards of their families. Along with providing credit, Graeme Bank offers guidelines to members for codes of conduct and activities aimed at improving their social and financial conditions. It also provides training to women in maternal health, nutrition, and childcare to generate greater demand for basic health care services.

Lending entails high risk of loan default due to adverse selection of borrowers and disability of lenders to enforce the loan contracts. Contrary to the practice of formal finance, Graeme Bank lends (in small amounts) to the poor based on group responsibility where individual access to credit depends on group repayment behavior. Group lending uses pressure to monitor and enforce contracts and helps screen good borrowers from bad ones. Unlike other development banks, Graeme Bank mobilizes savings as an integral part of lending. Each member is required to save Taka 1 each week and buy a Graeme Bank share worth Taka 100. In addition, each borrower contributes 5 percent of the loan amount to a group fund and Taka 5 for every 1,000 takas above loan size greater than Taka 1,000 to an emergency fund. These savings mobilization schemes provide protection of loans against default, an internal source of finance, and a stake for the members in Bank operations. In 1993, with 1,039
branches covering almost half of Bangladesh villages, the Bank served more than 1.8 million borrowers and disbursed $169 million. By 1993, cumulative member savings totaled over $218 million. Almost 94 percent of the Bank’s members are poor women, accounting for nearly 70 percent of savings mobilized, and receiving over 80 percent of the total loans disbursed. Its loan recovery rate has been consistently over 90 percent compared with rates from 25 to 50 percent for other financial institutions in Bangladesh. Contrary to common belief, Graeme's experience is that women are better credit risks with higher loan recovery rates than men (97 percent compared to 89 percent in 1992), and that the dropout rate is lower for women (15 percent) than for men (25 percent). The Graeme model is being replicated in more than 30 countries and the World Bank has provided a grant of $2 million for its replication in low-income countries. An interviewed the professionals, workers, authorities and the customers and general public who can be the potential market of microfinance in Pakistan. The research tries to collect the data both from rural as well as urban Pakistan in order to depict the true picture. In my opinion so women in Pakistan is like women in Sudan: have limited access to microfinance (Ahmad Rahman.2007).

Comparing with Indonesia microfinance is globally acknowledged as an effective instrument in alleviating poverty. Microfinance refers to finance services such as credit, savings; insurance provided for low-income people or widely/ called economically active poor. And as we know, this year is becoming the International Year of Microcredit (Microfinance) as what the United Nations has mentioned. In Indonesia microfinance services are implemented by microfinance institutions that can be divided into two categories, i.e., bank and non-bank sectors. BRI (Peoples’ Bank of Indonesia) and BPR (Rural Bank) belong to bank sector, while non-bank sector can be classified into two kinds: no formal and formal. Formal category includes cooperative, Lumbago Dana Dan
Credit Pedestal (LDKP/rural credit financing institution), pawnshop, and Baden Credit Desha (BKD/ rural credit association). LDKP gets formal status formal Pemba (local government) while BKD is supervised by BRI on behalf of BI (Central Bank of Indonesia). Classified into non-formal category, micro finance institutions are carried out by NGO5 and self-help groups. The demand driven for micro finance development is so great, considering that 98.5% business entity in Indonesia or 41.8 million of business units are still in micro category, of which less than 10 million of business units get finance services from formal market. The rest are mostly trapped into informal market called money lenders. The interest rates charged by money lenders are so high (ranging from 20%-50% per month) The Indonesian government indeed does not stay doing nothing to face this situation. To overcome it, government has implemented projects and programs, most of them with micro finance component. These programs have wide scale and great outreach to the people. There are 70 projects of government institutions (supported donors, with budget almost US $300 millions) which have a micro finance component. Many of them do not follow micro finance best practices (ADB, 2003)Different from many other countries in which micro finance is developed by NOOs, in Indonesia micro finance development role is hold by government unfortunately, the main weakness of government project is that it is not sustainable. Psychologically in encountering such a project, the people consider it as grant so that sometimes it is not repaid. Furthermore, the interest applied is subsidized which results in negative impact or distortion on micro finance (commercialization) industry. Previously, global movement on micro finance also got its momentum when Microcredit Summit was conducted in Washington in 1997. Further, based on lessons learned from the best practitioners over the world, it was agreed that in developing micro finance require the following points. Reaching the poorest. Reaching and empowering women Building
financially sustainable institution, Measurable positive impact. Only less than 25% of micro enterprises can be served through micro finance institutions. Actually, there are some constraints to develop microfinance in Indonesia. If we want to achieve more and to give financial services for the poor, we must overcome the most problems, such as: legal and regulatory framework. Whole saler of microfinance, capacity and institutional building. With new global paradigm, the flow of change is getting larger, micro finance is becomes burning issue in Indonesia. At High-Level Policy Meeting on Micro finance and Rural Finance in Asia, 26-28 February 2004 in Yogyakarta 13 central banks of Asian countries and related ministries from Afghanistan, Bangladesh, Cambodia, India, Laos, Malaysia, Nepal, Pakistan, Philippine, Sri Lanka, Thailand, Vietnam, and Indonesia formulated strategies and policies to support micro financing sector. Micro finance is believed as effective and strategic instrument to alleviate poverty. In Bolivia has introduced a combination of biometric fingerprint and Smart Cards to deliver financial services to its clients. Biometric technology measures individual unique physical or behavioral characteristics, such as fingerprints, facial characteristics, voice pattern, and gait, to recognize and confirm identity. Although the technology is still new, growing awareness of the importance of data security is increasing adoption steadily. Proem's fingerprint verification has reduced fraud, error, and repudiation of transactions. Staff had not had to deal with forgotten PIN numbers or unauthorized use of cards and accounts so they have more time to provide personal service and advice to clients. In late 1999, WOCCU, in partnership with Vigo, a money transfer firm, launched Inert. As of June 2003, 173 credit unions in Central America offer Inert, expanding the possibilities for sending remittances through 800 US credit union points of service. The Central American credit unions distribute remittances primarily to rural clients. The distributing credit unions help to integrate
remittance recipients into the formal financial sector through trained staff who cross-sell services. When a non-member enters a credit union to pick up a remittance, a staff person encourages this person to become a credit union member and save a portion of the remittance in an interest-bearing voluntary savings account. Prior to introducing credit scoring, Unbanked, a commercial bank, viewed microfinance loans as too costly to deliver. With the assistance of Bannock Consulting, Unbanked instituted a credit-scoring system based on qualitative client data because sufficient quantitative data was not available to develop a statistical model. Branch staff now uses scorecards to evaluate microfinance loan applications quickly, which has reduced the cost of review and made microfinance lending profitable for unbanked. A number of local organizations in the Nero District of Kenya provide management services to group-based loan funds. The groups operate as Accumulating Savings and Credit Associations (ASCAs) and receive management services provided by ASCA Management Agencies (AMAs). The AMA model serves a wider client base than the mainstream donor funded MFIs who tend to focus their attention on micro and small entrepreneurs. The clientele of AMAs are also drawn from other socio-economic strata, including salaried workers such as nurses, teachers and civil servants as well as subsistence and semi-commercial farmers. Hence their reach into the rural areas is much greater than the MFIs. Two state banks in India (Corporation and Canada) partnered with an NGO to provide salaried low-income workers with access to savings. The project uses the already established automatic teller machines (ATMs) in the factories to offer a recurring savings product, along with education on personal finance. In the Philippines, nurtures the expanded use of the credit bureau by rural banks, which was started in 2001 to minimize client over indebtedness and defaults. MABS has helped to integrate the rural banks microenterprise loan clients into an existing national credit bureau, by creating an e-mail encryption program.
that allows rural banks to share information electronically at a low cost. Reduced transportation and transaction costs for its clients and decreased staff expenses by establishing tellers in maimed phone booths operating in India. The company operating the phone booths receives a service fee and phone booth operators are being trained in basic collection operations and accounting. BASIX is currently redesigning the project after the pilot and preparing it for relaunching (CGAP, 2007). A WOCCU study on savings and credit cooperatives (SACCOs) in Kenya indicates that I-IIIV/AIDS poses high levels of risk to rural finance institution soundness. The Cooperative Insurance Company (a professional insurance provider, insures over half of Kenya’s more than one million credit union members who subscribe to policies through their credit unions (WOCCU, December 2003).

The National Microfinance Bank in Tanzania (NMB) was created to retain the extensive rural branch network of the National Bank of Commerce (NBC) when it was privatized in 1997. The key to making it commercially viable has been rigorous control of costs through drastic simplification of the business model and tight managerial oversight. Key initiatives have been correct pricing of products, particularly payments and remittance services, which had traditionally been cross-subsidized by other product lines, and the development of microfinance products, mainly small (average US $400) individual loans thoroughly evaluated its PDA (Personal Digital Assistants) program and recorded dramatic improvements. Client retention improved significantly, and the number of days between application and disbursement dropped from five days to two days. Expenses for paperwork dropped by 60% and data entry expenses dropped by 50%. Loan officer caseloads and other productivity measures increased by about 35% (Charles, 2007)

The international NGO Techno serve has developed an inventory credit scheme in Ghana that enables farmers’ groups to obtain higher value for their crops by providing post-harvest credit through linkage with a rural financial
institution. Instead of selling all of their crop at harvest - when prices are lowest - in order to meet cash needs, small-scale farmers in the scheme store their crop in a cooperatively-managed warehouse and receive a loan of about 75-80% of the value of the stored crop, which serves as collateral. This loan permits them to clear their accumulated debts and satisfy immediate cash requirements. Then, when prices have risen in the off-season, the farmers either sell the stored crop or redeem it for home consumption. Brazil specializes in agricultural lending, primarily for the production of rice, wheat, beef, fodder, fish, and vegetables and for agricultural equipment. Loan approvals are based upon the members’ savings history and credit record, with the size limited to 50 percent of production costs and dependent upon the potential return of crop sale at harvest as well as household income and debt obligations. The borrower makes monthly interest payments and then a balloon payment of the principal at harvest time. In addition, SICREDI participates in the PROAGRO national crop insurance, for which a premium is added on the loan rate. PROAGRO pays 100% of the loan loss if the crop fails (WOCCU, December 2003).

In Mozambique: GAPI offers investment and working capital loans to fora (federations of associations) of small farmers and small and micro-enterprises. GAPI collaborates with CLUSA to set-up and register these fora. Loans are secured through a solidarity group-like guarantee between the participating fora. Each forum on-lends to its member associations, who collect the produce from their individual members and other area farmers and deliver it to the forum in return for the loan. About 80% of the profits from the sale of produce are handed back to the associations - the remaining 20% of the profits are kept by the forum as interest payments (Pearce, Douglas, 2000). In South Africa, a network of 8,000 armored trucks equipped with thumbprint recognition and smart-card technology deliver pension payments of about $60 each month to 4.5 million South Africans. The potential of this vast infrastructure to offer
pensioners other kinds of financial services is tremendous (Bright Helms. Etal 2004). In Brazil, a joint venture between the Post Office and the largest private bank (Bradesco) has offered banking (and payment) services through its network of postal branches in remote and poor areas of the country since March 2002. Posts Corporation Tanzania mini-buses offer passenger service along domestic regional routes. Postal outlets have become one-stop service centers that provide photocopying, telephone and money transfer services. They also sell stationery and newspaper and act as agents for others by accepting newspaper advertisements, selling lottery tickets, revenue stamps for radio stations, and tickets for boats between Dar El Salaam and Zanzibar. In Kenya has emerged as one of Kenya’s leading microfinance institutions, with over 155,000 savings clients and 41,000 borrowers. Once insolvent, EBS transformed itself into a profitable financial-service provider by rigorously focusing on the needs of its clients - in particular, by developing a wide range of market-based financial products and services, including a mobile banking service (CGAP. 2003). Using financial services, they can manage their own income and can borrow money for entrepreneurial activities without being (as) dependent on their husband or middlemen. Education Effect: Current Financial Services May Lead to Better Future Education of Women Who Consequently is Better Able to Take Control of Their Lives. Greater current availability of financial resources to send more girls to school can produce a future generation of literate, better-educated women who are better able to take control of their lives. Health Effect: Financial Services Targeted at Women’s Special Health Care Needs May Empower Them. Credit, savings, and insurance may enable women to access basic women-specific health care, like hospitalization during child birth. Empirically, we find mixed evidence that financial sector development and improvements of gender equality are related. There is a large dispersion in gender equality all over the world. In most high-income
countries, women are as educated as men and participate fully in the (non-agricultural) labor force. On average though, for 177 developing and developed countries over the period 1980-2004, there were slightly fewer girls than boys in primary education: 94 girls for every 100 boys. Female school participation is, thus, a function of income. In Afghanistan, for example, for every 100 boys, there were only 52 girls enrolled. In contrast, in Sweden, there are 112 girls for every 100 boy's enrolled.

Female participation in the labor force over time. Here a significant relationship with financial development, with an estimated elasticity of 0.02. This implies that if private credit continues to follow its current growth trend of 1.6 percent per year, female labor force participation would increase by 0.3 percentage points in the next 10 years. However, we cannot replicate these results when we study average numbers over the period 1980-2004. One of the reasons not find a relationship may be due to a complex, U-shaped relationship between income and financial sector development on the one hand and female labor participation on the other hand. First, microfinance demonstrated that poor people, and especially women, had excellent repayment rates (and often, rates that performed better than those in formal financial sectors). And second, that the poor were willing and able to pay interest rates that would allow the microfinance institutions (MFIs) to cover costs.

To most, microfinance means providing very poor families with very small loans to help them engage in productive activities or grow their very small businesses. Moreover, informal arrangements may not suitably meet certain financial service needs or may exclude you anyway. Individuals in this excluded and under-served market segment are the clients of microfinance. Microfinance generally targets poor women because they have proven to be reliable credit risks and when they have the financial means, they invest that money back into their families, resulting in better health and education, and stronger local economies. By providing access to financial
services-loans and responsibility for repayment, maintaining savings
accounts, providing insurance-microfinance programs send a strong
message to households and communities. Studies have shown that women
become more assertive and confident, have increased mobility, are more
visible in their communities and play stronger roles in decision making.
As the definition of the types of services microfinance encompasses
broadens; the potential market of microfinance clients also expands. For
instance, microcredit might have a far more limited market scope than say
a more diversified range of financial services which includes various
types of savings products, payment and remittance services, and various
insurance products. For example, many very poor farmers may not really
wish to borrow, but rather, would like a safer place to save the proceeds
from their harvest as these are consumed over several months by the
requirements of daily living. Microfinance brings the power of credit to
the grassroots by way of loans to the poor, without requirement of
collateral or previous credit record. Experience shows that microfinance
can help the poor to increase income, build viable businesses, and reduce
their vulnerability to external shocks. It can also be a powerful instrument
for self-empowerment by enabling the poor, especially women, to
become economic agents of change. Poverty is multi-dimensional, and by
providing access to financial services, microfinance plays an important
role in the fight against the many aspects of poverty. Access to credit
allows poor people to take advantage of economic opportunities-for their
homes, their domestic environments and their communities. For instance,
income generation from a business helps not only the business activity
expand but also contributes to household. The literature on women in the
small-scale sector thus indicates that there are certain contexts where
there may be potential for micro-enterprise development.3- Access to
credit & microfinance have considerable contact on poverty reduction:
the solution of access to credit & microfinance motivate the formation of
specific institutions & organizations to take care of women & accelerate their access to credit & the formation of cooperative societies, which will empower women & improve the situation of neglecting.

It is obvious from the following tables that 28.5% of the sampled units invested in simple machines or household appliances or poultry or raising animals, 57.7% invested in production or sales or storage and 13.8% invested in construction or repair of houses (table 18). As regards hiring of labor 51% agreed that their project labor increased, 9.6% agreed that it decreased, 39.4% agreed that there is no change (table 19). As regards source of labor 81.4% agreed that they employ family labor, 9.6% employ hired labor, 8.3% employ other types of labor and 0.6% only depend on themselves (table 20). As regards the utilization of project profits 44.6% agreed that they use their project profits in investment, 37.5% in consumption, and 14.4% in saving, only 3.2% in other purposes (table 21).

On the other hand a statistically insignificant correlation is witnessed between the variable value of loan & each of the other 4 variables, field of investment (r = 0.033, sig.0.557), project labor (r =0.054, sig. =0.338), type of labor (r = 0.108, sig. = 0.036), usages of project profits (r = 0.082, sig. =0.147) (table 22).

With reference;
Table (18): Distribution of investment by field of investment, Table (19): Distribution of project's labor by type of its movement, Table (20): Distribution of labor by type of payment, Table (21): Distribution of projects profits by type of use and Table (22): Correlation between finance variable & finance impact variables.

The above results indicate that most of the sampled units started business in different fields: retailing, animals rising, small-scale production activities and repair of houses. They also indicate that these sampled units depend largely either on hired labor or on family labor.
This transformation of women from only households to households and businesswomen increase their abilities to have easy contact with organizations and institutions that take care of women. It also becomes easy for them to join unions and cooperative societies that work in the fields of empowering women and improve their neglecting situation. Given that moral hazard seems to be the constraining factor in outreach to low-income households, women might therefore be the more attractive clients. While adverse selection might be more problematic among women, the joint-liability technique can control for this risk. Some practitioners stress social objectives as women seem to be more concerned about children’s health and education than their husbands. As already discussed, Pitt and Chandler (1998) and Chandler (2003) find a stronger effect of Graeme Bank in Bangladesh on female than on male borrowers. For example, Chandler (2003) shows that the impact of credit on nonfood expenditures is higher among female compared to male borrowers.

Finally, focusing on women might empower them in the interfamily decision process, as shown by Ashraf, Karla, and Yin (2006b); use of a commitment savings product increased expenditures on female durable goods. Similarly, access to credit and the subsequent establishment of a microenterprise might give women more say in intrahousehold decisions, as Johnson and Murdoch (2007) illustrates with some anecdotes from Bangladesh, Sierra Leone, and Zambia. Providing access to financial services for female savers and borrowers might thus directly contribute to the Millennium Development Goal of gender equality find that MFIs that offer extension services have higher client retention and better repayment performance than MFIs that do not offer such services. Their clients also have better business outcomes. Even the limited focus on production credit might be mistaken. Recent analysis of survey data from Indonesia suggests MFI clients use credit as much for consumption as for
investment purposes (Johnston and Morduch 2007). This finding applies not only to households that do not run microenterprises but even to a quarter of micro entrepreneur households. As discussed earlier, consumer credit is also the only credit type shown to be robustly linked with higher household welfare (Karla and Zinman 2006b).

With the formation of the Sudan Microfinance Development Facility (SMDF), both sides agreed to “take an institutional approach to supporting microfinance” and act like investors in retail providers rather than financiers of a project. Investments were tied to defined and agreed upon performance targets, and the SMDF was expected to invest in a diverse pool of retail providers. Diversity was both in terms of services provided (industry) and market segments served (gender, geographic location, socioeconomic status, etc...). In addition to financial investments, the SMDF was expected to invest in support organizations to give retail providers the greatest chance of success. After years of researching ways to have a more effective Microfinance effort in this iteration, in 2009 the CBOS issued a circular describing the SMDF and detailing the role those Sudanese banks were to play in Sudanese microfinance. One major directive called for all Sudanese banks to allocate a minimum of 12% of their portfolios to microfinance and to develop units or departments specifically for microfinance. Other notable Microfinance efforts including have been the main providers of micro loans to the poor thus far. Located mainly in or around Khartoum, these urban community initiatives include the Port Sudan Association for Small Enterprise Development (PASED), the largest microfinance service provider as of December 2006. PASED at the time serviced 4010 clients with an average repayment rate of 85%. Elkifaya Bank, the Sudanese Development Association, Sudanese Red Crescent and the Women’s Fund of the Women’s Union of Khartoum State all support CBOs focused on the urban poor and especially on women. Some commercial
banks have been providing microfinance services for over 15 years. These include the Agricultural Bank of Sudan and the Savings and Social Development Bank (which serves as an intermediary for INGOs and UN agencies). To a lesser extent, the Sudanese Islamic Bank, the Faisal Islamic Bank, Albaraka Bank, and the Islamic Cooperative Development Bank. Sudan Microfinance Institution (SUMI) Founded in 2003 by the USAID-funded Agricultural Enterprise Finance Program, SUMI focuses specifically on Southern Sudan. Borrowers are placed in groups of five for a member fee and USD 2 monthly fee. Members contribute savings for a period of six weeks until reaching a minimum of 16% of the total loan amount. The maximum loan size is approximately USD 100 for a 4-month term at 3% monthly interest. SUMI was expected to be a four-year project. Strategies and approaches to increase the awareness, understanding and take-up of microcredit and microfinance among rural and urban low-income communities, especially women. To enable a group of low-income BRAC is an international microfinance provider. BRAC started a women-only microfinance program in Southern Sudan in March 2007. One potential remedy for the limited reach of microfinance in Sudan may lie within the mobile women in the food industry to acquire skills and develop entrepreneurial expertise through activities such as business coaching and hands-on business skills training. This includes an exploration of new and innovative ways of opening market access for the targeted women, taking advantage of ICT and through the development of business networks. This project also aims to develop and enhance the capacity of key stakeholders to support the empowerment of women entrepreneurs, and at the same time to promote the food sector within the Malaysian cottage industry. Increased awareness, understanding and take-
up of micro credit and micro finance and how to access it among the low income rural and urban communities, especially women. Capacity building of low income women in the food industry, empowered to become successful entrepreneurs. A model for developing successful women entrepreneurs capable of running, sustaining and improving their businesses in the most efficiency way identified. In 2009, all final publications that were developed from this project were disseminated to Government counterparts and the wider civil society in Malaysia, as well as UNDP offices within the Regional Bureau for Asia Pacific. Poverty is “pronounced deprivation in well-being. Even in industries where poor men have been successful, independent entrepreneurship for women may not be an easy option (Mayoux, 1993c). Women themselves may aspire to increased status as housewives and/or indirect beneficiaries of their male partners’ enterprises, or to secure income as labourers rather than to independence as entrepreneurs in their own right. Any micro-enterprise development for poor women is therefore likely inevitably to be constrained by wider class and gender inequalities. Some wider questions about women's needs, interests and micro-enterprise developments noted above, proponents of the market approach have often stressed the particular advantages of small-scale entrepreneurship for women. In the empowerment approach, research by organizations like SEWA, Working Women’s Forum and AMM in India identified high levels of demand for training, credit and micro-enterprise development assistance from poor women themselves. Recent gender needs assessment exercises have also often (although not invariably) found a high level of demand for micro-enterprise support. In many cases there has been a particularly high level of demand for conventional forms of income generation support in part-time “female skills” like handicrafts and tailoring. The interrelated and all-pervasive nature of class and gender inequality, however, also raises questions about the degree to which micro-enterprise development can be
assumed to be unambiguously responding to women’s needs. know very little about the relative numbers of women within most programmes who benefit or fail to benefit, which these women are, or the contextual and organisational factors influencing this. Importantly for most women in most programmes it is likely that the contribution of microfinance services to empowerment could be enhanced through a combination of changes in the way services are delivered; more effective support services; or linkage with services provided by other agencies including organizations challenging gender subordination directly. Impact evaluations are likely to be more reliable and have clearer relevance for policy if they are clearly linked to the development of a more comprehensive framework for participatory planting. Women's needs in relation to microfinance are diverse, context-specific and change over time (Johnson and Rogaly 1996). Evidence also indicates differences between women within programmes and between women and development agencies about the aims of microfinance programmes. (Mayoux 1997, c.). The only way in which such flexibility and diversity can be adequately addressed to ensure benefit to women is through a participatory planning process. The need for such a process is signaled both within the financial systems approach itself (eg the insistence on market relevance and group lending) and empowerment approaches where the need for grassroots participation is assumed. However. Experience suggests the need to address some of the shortcomings of existing systems of participation. Participation takes time. Skills and resources which, are often in scarce supply, particularly for very poor women. And participation’ per se is not necessarily empowering (Mayoux 1995b). In relation to microfinance programmes, evidence suggests that women often prefer individual rather than group loans and that in many contexts group formation has been problematic. As
discussed above, savings and credit groups often discriminate against very poor and disadvantaged women. Groups do not necessarily go on to question or address wider issues of gender subordination limiting women’s ability to increase and control incomes or achieve their other aspirations. There has been no comparative study of the ways in which different types and levels of participation in microfinance programmes affect women’s empowerment. Establishing an ongoing system of participatory consultation would be an important step towards client sustainability through making information on linkages between microfinance and empowerment, ways of increasing income and control over income and other strategies directly available to the women concerned. The findings of participatory research would also be a useful tool in lobbying for necessary changes in the formal financial sector. Such an approach would differ from the financial systems approach in taking a multi-dimensional view of empowerment and prioritizing the needs of poor women participants and disadvantaged non-participants over those of donors. At the same time it would have to balance and negotiate where possible the demands of donors and women clients within constraints of available donor resources and the need for long term sustainability. Importantly it would need to clarify macro-level constraints to women’s empowerment, the limitations to microfinance programmes and ways of linking with other institutions to address these. The promise of microfinance is one of empowerment- empowering low-income women and men through access to credit to invest and grow their businesses, provide for their families, and support their communities. This year, the FWA will direct the Lenore Albom Microfinance Giving Program to Fonkoze, the largest microfinance institution in Haiti. Read more. Delegates to the FWA International Business Conference in Vietnam sought an opportunity to learn about the progress of microfinance in that country. A meeting with World Vision gave the
visitors insight into the organization’s piloting of microfinance activities as a business development service, within 6 of its 22 local area development programs. This model provides such other services as health care at the same time as its microloans, which average $115. To most, microfinance means providing very poor families with very small loans to help them engage in productive activities or grow their very small businesses, many poor people need and use financial services all the time. They save and borrow, invest in home repairs and improvements and meet occasional and domestic expenses such as food and school fees. However, there are some 500 million low income entrepreneurs in the world and about 5% have access to financial services. Indeed, the financial services available to the poor often have serious limitations in terms of cost, risk and convenience. Panelists According to the State of the Microcredit Summit Campaign 2001 Report, 14, 2 million of the world’s poorest women now have access to financial services through specialized microfinance institutions (MFIs), banks, NGOs, and other nonbank financial institutions. These women account for nearly 74 percent of the 19, 3 million of the world’s poorest people now being served by microfinance institutions. Most of these women have access to credit to invest in businesses that they own and operate themselves. The vast majority of them have excellent repayment records, in spite of the daily hardships they face. Contrary to conventional wisdom, they have shown that it is a very good idea to lend to the poor and to women. So, given these impressive statistics, can we put ourselves on the back for our service to poor women and assume that women’s empowerment and other gender issues will take care of themselves? Although women’s access to financial services has increased substantially in the past 10 years, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. Some MFIs are providing a decreasing percentage of loans to women, even as these
institutions grow and offer new loan products. Others have found that on average women’s loan sizes are smaller than those of men, even when they are in the same credit program, the same community, and the same lending group. Some differences in loan sizes may be a result of women’s greater poverty or the limited capacity of women’s businesses to absorb capital. But they can also indicate broader social discrimination against women which limits the opportunities open to them, raising the question of whether microenterprise development programs should do more to address these issues. And looking at the leadership of many MFJs, we see very few women. Their contributions—whether selling the vision on a board of directors, designing products and services, or implementing programs—are missing. Thus, as the industry becomes more sophisticated in developing targeted products and services, it makes sense to look at both targeting women and empowering women. Microfinance programs have the potential to transform power relations and empower the poor—both men and women. In well-run microfinance programs, there is a relationship of respect between the provider and the client that is inherently empowering. This is true regardless of the methodology or approach (whether the institution takes a minimalist approach of delivering financial services only or a more holistic or integrated approach). As a consequence, microfinance has become a central component of many donor agencies’ and national governments’ gender, poverty alleviation, and community development strategies. Several studies and the experiences of a number of MFIs have shown, however, that simply puffing financial resources in the hands of poor women is not enough to bring about empowerment and improved welfare. Microfinance programs, when properly designed, can make an important contribution to women’s empowerment. By examining some of the theories and assumptions behind the targeting of women for microfinance and the resulting implications for empowerment. Drawing on the studies and
experiences of microfinance institutions in Africa, Asia, and Latin America, the paper looks at what evidence is known about impact on women, in terms of both welfare and empowerment. While acknowledging that there is no set of indicators of empowerment that can be applied universally across cultures and regions, we present evidence of several types of changes that are relevant and important for empowerment across a range of cultures. Case study of the impact on women achieved by Sinapi Aba Trust (SAT), Opportunity International’s partner in Ghana. Based on that study and the experiences of other MFIs, we identify several programmatic factors and strategies that can make a positive contribution to women’s empowerment and holistic transformation, including business training, discussion of social issues, support and advice for balancing family and business responsibilities, experience in decision making and leadership, and ownership and control of the credit institution. Also look at the role that women’s economic contribution to the household and community plays in empowering them. Then look at some strategies used by MFIs for reaching and empowering women and their results, identifying some of the most promising. Reading, research, and experience have turned up rich examples of empowerment, but have also raised many questions that suggest some important areas for future work. We therefore conclude by issuing a call to action for practitioners and donors, so that the tremendous potential of microfinance to empower women can be fulfilled. Seek to build on the growing body of research on the topic, blend academic and practitioner perspectives and experiences, and encourage further exploration and dialogue on the subject. Throughout the paper, provide references so that those interested in exploring specific aspects of empowerment can find more in-depth information. At the outset of research, had
hoped to find more data that would allow us to differentiate between the types of impacts that can be expected from different types of microfinance delivery mechanisms and methodologies, that empowerment can take place through individual lending as well and encourage further research in that area. A number of other areas related to empowerment merit further research but could not be addressed in the scope of this paper; these include empowerment indicators and measurement techniques, the contribution of micro insurance and savings to empowerment, technology Gender quality Effect: Financial Services May Empower Women Leading to Women Household Health Care. Research shows that women take better care of their children and spend more of their household budget on improving household welfare than men do. Hence, financial services that empower women will indirectly contribute to better house. Hold health conditions. Because there are so many and quite general channels between financial development and education, it can be more useful to look at micro-evidence from case studies. There is, indeed, ample case study evidence that credit programs have a positive effect on the education of children (Barners, et al 2001). For example, microcredit in Bangladesh had a significant impact on children’s schooling, especially for boys. The increase in boys’ schooling was statistically significant for three credit variables (female credit from RD-12, female and male credit from Graeme Bank). For girls’ schooling, a statistically significant increase-was shown for one only (female credit from Graeme Rank). The largest and most precisely estimated credit effects on both boys’ and girls’ schooling were obtained for the effects of female credit obtained from Graeme Bank. At the mean, a 1 percent increase in Graeme Bank credit provided to women increased the probability of school enrollment by 1.9 percent for girls and L4 percent for boys. In comparison, at the mean, a 1 percent increase in male credit from Graeme Bank increased boys’ school enrollment by 2.8 percent,
with no impact on girls’ schooling. A 1 percent increase in credit to women from RD-12 had the largest impact on boys’ school enrollment, 3.1 percent, and no significant impact on girls’ schooling. Thus, for both Graeme Bank and RD-12, female credit seems to benefit boys more than girls in terms of school enrollment (khandker, 1998). We hypothesize that financial services mainly benefit gender equality through boosting female income generating activities. In our country-level analysis, when we study indicators that pertain to both education and participation in the labor force, we do not find any association between financial development and the improvement of gender equality. Possibly the relationship is more complex, non-linear, and influenced by other, cultural phenomena. Income Effect: Finance Can Contribute to General Female Independence. Access to financial services enables women to take their destiny more in their own hands and be more productive. Using financial services, they can manage their own income and can borrow money for entrepreneurial activities without being (as) dependent on their husband or middlemen. Education Effect: Current Financial Services May Lead to Better Future Education of Women Who Consequently is Better Able to Take Control of Their Lives. Women in Bolivia Several case studies show a beneficial effect of credit programs on empowerment of women and gender equality. For example, a case study on Bolivia reveals that financial services can increase self of women and improve their involvement and status in the community. Evaluations of other credit, have also confirmed a relationship between women’s increased cash earnings and their status or ‘say’ within the household (Berger and Bulimic 1989). Since 1989, Freedom from Hunger has worked with local partners to develop and disseminate a cost-effective integrated program strategy called Credit with Education. It is thought that program participation creates fundamental changes in women’s inner sense of self, their social relations, in their lifestyle. These changes empower them to
confront problems, take risks, and make their own informed choices for better health and nutrition. In addition to its potential for economic impact, group lending exposes women to new ideas, new experiences, and new opportunities for leadership roles that can foster their self-confidence. To test for these effects, the study develops an empowerment index. The 1997 participants was 42; for non-participants, 2.6, and for residents in control communities, 2.8. When controlling for distance from major markets, the mean empowerment score for the participants was significantly greater than the mean score for non-participants of the credit for education program or residents of control communities’ participants (McNelly and Dunford (1999)).

Identify clear possible channels through which financial development could benefit the specific MDG theme. New results using cross-country regression analyses show that there are positive relationships between financial sector development and these MDGs, with some evidence of causal relationships, but the quality of data does not allow for very strong tests. Supporting case study evidence—using household surveys and specific interventions—suggests, however, that there are beneficial causal impacts of financial development on these MDGs. Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organized groups. Although no ‘magic bullet’, they are potentially a very significant contribution to gender equality and women’s empowerment, as well as pro-poor development and civil society strengthening. Through their contribution to women’s ability to earn an income, these programmes have potential to initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment. Micro-finance services and groups involving men also have potential to question and significantly change men’s attitudes and behaviors as an essential component
achieving gender equality. Targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s. This was the result of a number of factors: women’s human rights. Official commitments to gender equity and gender mainstreaming on the part of most governments, donor agencies, NGOs and the Microcredit Summit Campaign itself. Poverty reduction: increasing evidence that not only are women overrepresented amongst the poorest people, but are also more likely than men to spend their incomes on the welfare of children and dependents. Therefore poverty reduction programmes which target women are likely to be more effective. Financial sustainability: increasing evidence in micro-finance of much higher repayment and savings discipline among women than men. Not only reaching, but also empowering women, is the second stated goal of the Microcredit Summit Campaign. Literature prepared for the international and regional Micro-credit Summits from 1997, many donor statements on credit and NGO funding proposals present an extremely attractive vision of increasing numbers of expanding, financially self-sustainable micro-finance programmes reaching large numbers of poor women borrowers. Donor funding for micro finance has generally been conditional on compliance with some variant of CGAP’s Guidelines for Best Practice aiming at financial sustainability. Although gender equality and women’s empowerment can significantly contribute to financial sustainability, gender impact has not been a consideration in choosing between the different policies options for financial sustainability. Worryingly also, funding for programmes which place prime emphasis on women’s empowerment continues to decrease. There is evidence of significant potential for micro-finance to enable women challenge and change gender inequalities at all levels if there is a strategic gender focus. There have also been many important recent innovations in products and services to enable women to better benefit. Nevertheless benefits cannot
be assumed and even financially sustainable micro-finance if it is gender blind may seriously disempowered women and increase inequality. It is clear that most micro-finance programmes have a long way to go before they make their full potential contribution to gender equality and empowerment. Many of the strategies promoted for financial sustainability may exacerbate the negative impacts of debt, because of over rapid expansion, rigid product design inappropriate to women’s economic activities, cutting of necessary support services and lack of attention to local economic contexts. If micro-finance programmes are to fulfill their very significant potential, evidence indicates there is a need to rethink current ‘Best Practice’ to ensure that women have equal access to all types of financial services. Gender ‘Best Practice’ must also be integral to micro-finance design rather than a marginal and marginalized add-on to financial sustainability or poverty reduction. There is also a need for innovation to ensure that access translates into a significant and sustainable contribution to women’s empowerment. Different women have very different needs, even though they are often subject to similar forms of discrimination and disadvantage. Some are extremely successful businesswomen, others are labourers struggling to raise a family on their own or with a violent husband but still capable with support to improve their situation with appropriate savings and credit. There is a need for a whole spectrum of service provision from private sector banks giving large loans to established female entrepreneurs on an equitable basis with men to small local community-based organizations with savings and credit for the very poor. There is no ‘one-size fits all’ and there are many possible strategies to increase gender equality and women’s empowerment can be increased. The precise forms a gender policy should take will depend on the particular micro-finance model and particular client groups being targeted and the context in which they operate. However; gender policy does need to go further than a few ‘female
products’ and a bit of gender training. In the sector as a whole there is a need for: Greater clarity in the underlying gender and empowerment vision of microfinance programmes. Building on the organizational base provided by micro-finance, (both individual lending and group-based) is to promote wider organization to challenge gender inequality. Innovation in product design to respond to women’s needs and change rather than reinforce gender inequalities. Innovation in cost-effective provision of non-financial services. Commitment to internal gender policy to ensure organizational capacity to realize the full potential of micro-finance to empower women. Mainstreaming gender concerns in policy advocacy by the micro-finance sector and the financial sector in general. Women are not a minority, but the ‘marginalized majority’ and gender Best Practice must become a fully integral part of programme design. This is not only a women’s human right, but necessary for any serious agenda for poverty reduction, economic growth and civil society strengthening. This website brings together resources which can inform such a rethink and innovation. The website complements more detailed discussion and web links for development concepts, gender, livelihood development, participatory methods and other material for empowerment-focused NGOs to be found on Linda webs. This website is intended as ongoing resource which will grow over time to enable gender experts and micro-finance specialists to work together to develop realisable ways forward. The material builds on work on gender, empowerment and micro-finance by Linda Mayoux since 1997 for Open University UK, Action Aid, Hivos, Icco, Novib, One World Action, DFID, UNIFEM, ILO, Care-India, Cameroon Gatsby Trust, CODEC Bangladesh, SHDF Zimbabwe, ANANDI India, PASED_LEAP Sudan, and KRC Uganda. It also includes material produced for gender training for NGO-MFIs in Pakistan in 2004 and 2005: ‘Sustainable Micro-finance for Women’s Empowerment’ supported by Aga Khan Foundation Canada and the
Canadian International Development Agency through the Pakistan Social Institutions Development Program (SIDP) and coordinated and organized by Aga Khan Foundation Pakistan. Household headed by women has crises women everywhere are shouldering household economic lenders responsibility. Sent some times do, and sometimes do not send remittance back home. They are abandoned wives and young windows, unwed mothers. Data compiled by the popular council show a rise in female-headed household to 18 out of 26 censuses and 

Uniform is one of a number of united nation agencies charged with supporting countries in moving forward on the millennium development goals (MDGs). The eighth goals, adopted by the international community in 2000 set targets for 2015 on eradicating poverty. Achieving universal primary education, promoting gender equality, and empowering women, reducing child mortality, improving material Health, compacting HIV and AIDS and other discuses ensuring environmental sustainability, and providing financing for development. All eight MDG touch essential aspects of women well being, and in turn, women's empowerment is critical for achieving the goal UINIFEM has engaged in advancing the MDGs through three entry points In all regions and through all its thematic areas. Unfem program constitutions MDGs. Monitoring and analysis: and workers with government, and non-governmental organizes to eradicate programs in MDGs. Avovay through as partnerships to varies awareness and converge participative in MDGs advancing. 

In 1980 microfinance programs have improved upon original methodologies and extended beyond conventional thinking. First, microfinance demonstrated ENT rates (and often, rates that performed better than those in formal financial sectors). And second, that the poor were willing and able to pay interest rates that would allow the microfinance institutions (MFI5) to cover costs. Because, women are more likely to take time out of work to do the valuable job of caring for family and because they are more likely to be
low-paid and therefore not earn enough to make contributions. And women have generally done even worse on private pensions due to being less likely to be in work and have access to employer schemes and less able to contribute due to lower income. The Government has outlined its plans for Personal Accounts, pension savings accounts that all employees would have the right to be enrolled in and to which employers would have to contribute. In May 2006, the Government a mounted its proposals for changing the pensions system - including measures aimed at making pensions fairer for women. Fawcett broadly welcomes these changes. In the 1990s microfinance targeting women became a major focus of gender policy in many donor agencies. Literature prepared for the 1997 Microcredit Summit, donor policy’ documents and NGO funding proposals all present an extremely attractive vision of increasing numbers0 expanding, financially self-sustainable microfinance programmes reaching large numbers of women borrowers. Through their contribution to women’s ability to earn an income, these programmes are assumed to initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment. However, more recently, as the findings of research and experience have filtered through, this initial enthusiasm is being replaced by skepticism. Here it is argued that, although the widespread complacency about the automatic benefits of microfinance for women needs to be questioned, the shortcomings of existing practice should stimulate the search for improvement and innovation, rather than provide the basis for cynical inaction. It is not microfinance per se which is problem, but the ways in which ‘best practice’ has become dominated by concerns of financial sustainability. Innovations in some programmes point to a range of ways in which microfinance’s contribution to empowerment can be increased as part of a broader strategy for gender transformation. Microfinance programmes
have significant potential for contributing to women’s economic, social and political empowerment. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing ‘virtuous spirals’ of empowerment. Women can use savings and credit for economic activity, thus increasing incomes and assets and control over these incomes and assets. This economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men. Their increased economic role may lead to change in gender roles and increased status within households and communities. These virtuous spirals are potentially mutually reinforcing in that both improved wellbeing and change in women’s position may further increase their ability to increase incomes and so on. This process of empowerment may be further reinforced by group formation focusing on savings and credit deliverywomen can access wider information and support networks for economic activity Groups can support women in disputes within the household and community. Groups can link to wider movements for change in Women’s position. However, these changes are not an automatic consequence of savings and credit alone or of group formation. Evidence suggests that, even in financially successful microfinance programmes, actual contribution to empowerment is often limited: Most women remain confined to a narrow range of female low-income activities. This representation demonstrates the fact that although New Zealand does have a policy framework for the delivery of micro-finance (and/or micro-credit) to women (at least on the international level), there is very little provision, either from the perspective of programmes or from an institutional perspective. Another gap is in terms of the knowledge base about the inferred needs’ of the women involved. The implications of this situation will be discussed in more detail in the following section. As already noted, the field of women and micro-finance is dominated by
practice-based literature (as opposed to literature that reports on the effectiveness of practice from an empirical basis). It is also an immature field; there is too little research that is robust and recent from which to draw conclusions about the best way forward for any country concerned about improving access to finance for women. Partly this is because there is little known about ‘access to finance’ in general—despite it being one of the issues that is almost always raised in any discussion over the constraints to economic and/or business growth. One of the reasons for this is that it is a topic where the ‘real issues’ are difficult to tie down; perceptions of barriers, and the barriers themselves are not always the same thing. Another reason for a lack of research that is useful in this context is that women have often been viewed as a minority group in self-employment, or as a group who are disadvantaged. This has led to a focus on micro-finance as a development and/or poverty alleviation strategy, and the majority of literature therefore is set in the context of developing countries. The situation in New Zealand is even more difficult; while there are a number of agencies that provide micro-finance to women, there is an almost total lack of interest in evaluating whether this is necessary, and whether the particular measures that are being undertaken are effective and/or efficient. While there is little research being undertaken by the delivery agencies themselves, there is also a lack of research being undertaken by the academic community. The result is that ‘what is known’ about women and micro-finance in New Zealand is dated, anecdotal and totally insufficient to provide an adequate foundation for any policy development. This gap must be addressed if progress is to be made. Despite the seriousness of this situation, there is an emerging consensus on some issues in the international literature. While these conclusions are still ‘patchy’, and while there is still a long way to go before a seminal piece of research on women and micro-finance can be identified, the following points do provide some sort of
guidelines for those attempting to understand the field: Set here are increasing numbers of women entering self-employment worldwide. Women typically run businesses that are small in size so often discrimination can occur as a result of that ‘small business factor’ rather than solely due to gender. This increase in numbers presents a market opportunity, and means that there is a need to consider the impact of women in the market for finance—whether it is at the level of micro-credit, micro-finance or corporate finance. A number of countries are already piloting innovative programmes (e.g. Canada, where quasi-formal lending models take a ‘problem-solving’ or ‘market’ approach to ‘fit’ the loan structure to the needs of the micro-enterprise borrower (i.e. instead of scaling down formal, large lending models). It is increasingly apparent that women don’t use/or are unable to use the same informal/formal financial networks as men. Several case studies show a beneficial effect of credit programs on empowerment of women and gender equality—For example, a case study on Bolivia reveals that financial services can increase self of women and improve their involvement and status in the community. Evaluations of other credit, have also confirmed a relationship between women’s increased cash earnings and their status or ‘say’ within the household (Berger and Bulimic 1989). Since 1989, Freedom from Hunger has worked with local partners to develop and disseminate a cost-effective integrated program strategy called Credit with Education. It is thought that program participation creates fundamental changes in women’s inner sense of self, their social relations, and their lifestyle. These changes empower them to confront problems, take risks, and make their own informed choices for better health and nutrition. In addition to its potential for economic impact, group lending exposes women to new ideas, new experiences, and new opportunities for leadership roles that can foster their self-confidence. When controlling for distance from major markets, the mean
empowerment score for the participants was significantly greater than the mean score for non-participants of the credit for education program or residents of control communities’ participants (Mknelly, et al, 1999). Identify clear possible channels through which financial development could benefit the specific MDG theme. New results using cross-country regression analyses show that there are positive relationships between financial sector development and these MDGs, with some evidence of causal relationships, but the quality of data does not allow for very strong tests. Supporting case study evidence-using household surveys and specific interventions suggests, however, that there are beneficial causal impacts of financial development on these MDGs. Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organized groups. Although no ‘magic bullet’, they are potentially a very significant contribution to gender equality and women’s empowerment, as well as pro-poor development and civil society strengthening. Through their contribution to women’s ability to earn an income these programmes have potential to initiate a series of ‘virtuous spirals’ of economic empowerment, increased well-being for women and their families and wider social and political empowerment. Some are extremely successful businesswomen, others are labourers struggling to raise a family on their own or with a violent husband but still capable with support to improve their situation with appropriate savings and credit. There is a need for a whole spectrum of service provision from private sector banks giving large loans to established female entrepreneurs on an equitable basis with men to small local community-based organizations with savings and credit for the very poor. There is no ‘one-size fits all’ and there are many possible strategies to increase gender equality and women’s empowerment can be increased. The precise forms a gender policy should take will depend on the particular
microfinance model and particular client groups being targeted and the context in which they operate. However, gender policy does need to go further than a few ‘female products’ and a bit of gender training. In the sector as a whole there is a need for: Greater clarity in the underlying gender and empowerment vision of microfinance programmes. Building in the organizational base provided by microfinance (both individual lending and group-based) to promote wider organization to challenge gender inequality. Innovation in product design to respond to women’s needs and change rather than reinforce gender inequalities. Innovation in cost-effective provision of non-financial services. Commitment to internal gender policy to ensure organizational capacity to realize the full potential of microfinance to empower women. Mainstreaming gender concerns in policy advocacy by the microfinance sector and the financial sector in general. Women are not a minority, but the ‘marginalised majority’ and gender Best Practice must become a fully integral part of programme design. This is not only a women’s human right, but necessary for any serious agenda for poverty reduction, economic growth and civil society strengthening. Data compiled by the popular council show a rise in female-headed household to 18 out of 26 censuses and Uniform is one of a number of united nation agencies charged with supporting countries in moving forward on the millennium development goals (MDGs). They save and borrow, invest in home repairs and improvements and meet occasional and domestic expenses such as food and school fees. However, there are some 500 million low income entrepreneurs in the world and about 5 have access to financial services. Indeed, the financial services available to the poor often have serious limitations in terms of cost, risk and convenience. As a result, over time, microfinance has come to include a broader range of services (credit, savings, insurance, etc.) as the industry has come to realize that the poor and the very poor that lack access to traditional formal financial
institutions require a variety of financial products. A type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services, ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance. Micro financing is not a new concept. Small microcredit operations have existed since the mid-1700s. Although most modern microfinance institutions operate in developing countries, the rate of payment default for loans is surprisingly low - more than 9 of loans are repaid. Like conventional banking operations, microfinance institutions must charge their lenders interests on loans. While these interest rates are generally lower than those offered by normal banks, some opponents of this concept condemn microfinance operations for making profits off of the poor. It is a tool for empowerment of the poorest; the higher the income and better the asset position of the borrower, the lower the incremental benefit from further equal doses of micro-credit is likely to be. Delivery is normally through Self Help Groups (SHGs). It is essentially for promoting self-employment; the opportunities of wage employment are limited in developing countries - micro finance increases the productivity of self-employment in the informal sector of the economy - generally used for (a) direct income generation (b) rearrangement of assets and liabilities for the household to participate in future opportunities and (c) consumption smoothing. Studies have shown that women become more assertive and confident, have increased mobility, are more visible in their communities and play stronger roles in decision making. As the definition of the types of services microfinance encompasses broadens; the potential market of microfinance clients also expands. For instance, microcredit might have a far more limited market scope than say a more diversified range of financial services which includes various types of savings products,
payment and remittance services, and various insurance products. For example, many very poor farmers may not really wish to borrow, but rather, would like a safer place to save the proceeds from their harvest as these are consumed over several months by the requirements of daily living. Microfinance brings the power of credit to the grassroots by way of loans to the poor, without requirement of collateral or previous credit record. Experience shows that microfinance can help the poor to increase income, build viable businesses, and reduce their vulnerability to external shocks. It can also be a powerful instrument for self-empowerment by enabling the poor, especially women, to become economic agents of change. Poverty is multi-dimensional, and by providing access to financial services, microfinance plays an important role in the fight against the many aspects of poverty. Access to credit allows poor people to take advantage of economic opportunities-for their homes, their domestic environments and their communities. For instance, income generation from a business helps not only the business activity expand but also contributes to household The literature on women in the small-scale sector thus indicates that there are certain contexts where there may be potential for micro-enterprise development. It also indicates that women may become successful entrepreneurs. Nevertheless, it also indicates that there are likely to be serious limitations on the prospects for poor women because of the severity of the disadvantages they face and the many levels on which these operate. It also cannot be assumed that increases in income will necessarily translate into increased control over that income or increased well-being or changes in other aspects of gender inequality. Part H looks at the experience of training, credit and group production programmes. Much of the literature on which it is based has been commissioned by funding agencies and therefore, as discussed below, has some serious shortcomings. In what follows we are concerned more with the effects on women of programmes than with their cost-
effectiveness, and as far as possible on the basis of the material available
our discussion addresses the following questions: Flow many women
have been assisted and are these poor women? To what degree have
micro-enterprise programmes succeeded economically in terms of
sustained increases in women’s incomes? What evidence exists that these
increases in incomes have translated into changes in the position of those
women involved? What have been the wider effects on other workers,
particularly women, in the same industries and/or communities? The
implications for approaches to gender and micro-enterprise development
in the future are considered in more detail in Part III.Most early attempts
at women’s income generation focused on training programmes. In the
1970s and early 1980s most training courses for women concentrated on
what were seen as “female” skills, particularly tailoring, handicrafts, food
processing and catering. A number of studies found that women were
vastly under-represented in many formal business training programmes
and “mainstream” programmes. Here it is argued that, although the
widespread complacency about the automatic benefits of microfinance for
women needs to be questioned, the shortcomings of existing practice
should stimulate the search for improvement and innovation, rather than
provide the basis for cynical inaction, It is nor microfinance per se which
is problem, but the ways in which ‘best practice’ has become dominated
by concerns of financial sustainability. Innovations in some programmes
point to a range of ways in which microfinance’s contribution to
empowerment can be increased as part of a broader strategy for gender
transformation. Microfinance programmes have significant potential for
contributing to women’s economic, social and political empowerment.
Access to savings and credit can initiate or strengthen a series of
interlinked and mutually reinforcing ‘virtuous spirals’ of empowerment.
Women can use savings and credit for economic activity, thus increasing
incomes and assets and control over these incomes and assets. This
economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men. Their increased economic role may lead to change in gender roles and increased status within households and communities. These virtuous spirals are potentially mutually reinforcing in that both improved wellbeing and change in women’s position may further increase their ability to increase incomes and so on. This process of empowerment may be further reinforced by group formation focusing on savings and credit deliverywomen can access wider information and support networks for economic activity Groups can support women in disputes within the household and community. Groups can link to wider movements for change in Women’s position. However, these changes are not an automatic consequence of savings and credit alone or of group formation. Evidence suggests that, even in financially successful microfinance programmes, actual contribution to empowerment is often limited: Most women remain confined to a narrow range of female low-income activities. Many women have limited control over income and/or what little income they earn may substitute for former male household contributions, as men retain more of their earnings for their own use. Women often have greater workloads combining both production and reproductive tasks. Women expenditure decisions may continue to priorities men and male children, while daughters or daughters-in-law bear the brunt of unpaid domestic work, and where women actively press for change, this may increase tensions in the household and the incidence of domestic violence. Women remain marginalized in local and national level political processes. This is not just a question of lack of impact, but may also be a process of disempowerment: Credit is also debt. Savings and loan interest or insurance payments divert resources which might otherwise go towards necessary consumption or investment. Putting the responsibility for savings and credit on women may absolve men of
responsibility for the household. Where is group meetings focus only on savings and credit, this uses up women’s precious work and leisure time, cutting programme costs but not necessarily benefiting women. And deficient math and accounting skills are common among women living in poverty. This can harm their business’s competitive edge. When it comes to microfinance, women seem to have a magic touch. Income and its attendant benefits on food security, children’s education, etc. Moreover, for women who, in many contexts, are secluded from public space, transacting with formal institutions can also build confidence and empowerment. Recent research has revealed the extent to which individuals around the poverty line are vulnerable to shocks such as illness of a wage earner, weather, theft, or other such events. These shocks produce a huge claim on the limited financial resources of the family unit, and, absent effective financial services, can drive a family so much deeper into poverty that it can take years to recover. India has to understand that micro-finance is workable and sustainable anywhere where there is poverty. And to make it successful, it needs to emphasize and mobilise the role of women in each rural and poor household,' the chief architect of Bangladesh’s Graemeen Bank told a conference organized by the Federation of Indian Chambers of Commerce and Industry (FICCI). ‘India and Bangladesh have no major difference in poverty. If micro-finance or micro-credit is successful in Bangladesh, it can be successful in India as well,’ Yunus emphasised. ‘The Graemeen Bank and the work that we do is not something extraordinary and neither is it a model. It is a rather simple way of solving the complex problems of poverty,’ the 66-year-old economist said.’ Bangladesh is very close to achieving the UN millennium development goal of eradicating poverty. And we have been able to successfully reach 80 percent poor households ‘India has a long way to go, but it can come out with excellent results only if it catches For example, in February 1999 there was a Micro-credit
Summit in Washington shortly before the budget in which funding for micro-credit loan programmes administered by the Small Business Administration was doubled. One of the key micro-credit programmes is the one that is operated by the SBA. This programme existed as a prototype until its continuance was confirmed in August 1998, and although it lends to all, women are particular targets. The theory underpinning the programme is that large businesses can be incubated from would-be entrepreneurs and in the process welfare dependence and unemployment is reduced (i.e. micro-credit is seen as a tool for social and economic development) (Peterson, 1999). There is concern in some quarters about the prevalence of micro-credit programmes in the USA, where some believe they have always struggled (Buntin, 1997). This stems from the fact that micro-credit programmes in the past have flourished in places where the majority of the workforce is self-employed, the economy is informal and credit is the primary obstacle to founding—all of which are not characteristics of the USA (Buntin, 1997). Unless the perception of the impact of women’s rights is expanded, the international community will struggle to truly help Africa reach its development goals. Micro financiers have long known that women can play a strong role in economic development. Kenyan women have a history of women’s groups that work in rural areas, which has made the introduction of micro finance easier. Central Africa does not have this strong history and therefore, micro financiers will have to overcome prejudice within rural villages. This challenge can be surmounted by establishing trust and local links with village leaders and matriarchs. Once this trust is embedded, the success of micro finance in Bangladesh can be duplicated in rural Africa. The advancement of women’s rights in rural Africa has been championed particularly by Wangari Maathai, the first African woman to win the Nobel Peace Prize. Her Green Belt movement was the first to ascertain the link between good governance
and the conservation of the environment. It was led by, and for, rural Kenyan women to help them overcome the devastating deforestation that had destroyed their source of wood and quality of soil. Maathai taught women to plant and raise trees which combated the effects of deforestation and the programme acted as a rare income prospect because the women were paid a small amount for each tree planted. Maathai soon realized that it ‘was impossible to disconnect Kenya’s natural resources from its social problems, economy and politics’ and began to expand her activism to the pursuit of rights for women and children. The political momentum of the Green Belt movement led to a strong protest against the work of the Green Belt movement proves that the role of women in economic, environmental and political development should not be underestimated. Fighting the spread of AIDS in Africa requires an understanding of African culture. It is associated with improvements in household economic welfare; it helps to empower women by supporting women’s economic participation and so promotes gender equity. The literature suggests that microfinance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organization building, enables people to move out of poverty. Women who provide for themselves and their families are empowered. They have more choices and influence in bargaining. They have a greater sense of self-worth and increased confidence in their abilities. Women who succeed economically also believe in their right to make decisions about their own lives. Furthermore, the improved condition of a few women benefits the larger society. Studies show that low status for women obstructs a country’s to economic development. Microfinance offers women the chance to enter the public sphere as businesswomen, expanding their roles beyond housewife to breadwinner. As women participate in the economy, they also become more involved socially and
politically. Within their communities they may advocate for changes that will better their own lives and those of other girls and women. Even the power of example is important. More families will pay for their girls to attend school if they see women putting their education to use. Of course, the social status of women in various cultures can hinder their efforts to start a business. Many women are overburdened with rearing children, cooking, cleaning, and managing the household. Many societies and families expect any business undertakings to take a backseat to domestic duties. Some cultural traditions or religious practices frown on women working outside the home and earning an income. In some cases, women have resorted to participating in microfinance secretly. In others, though, there has been an effort to educate women about their rights and in involving men so that the microfinance process seems less alien. A woman’s efforts to earn money can also highlight the fact that her husband or father is failing to provide for the family. Some people worry that this could lead to an increase in domestic violence. The key issue for successful microfinance program focused on women should consider them in a broader context, as a family nucleus, that is vital for societal improvement and progress. Following this idea, microfinance programmes should provide women with specific Adapted products through appropriate methodologies, which can offer competitiveness to their business but also well being to them and their families. The Indian School of Microfinance for Women, started in June 2003, is an initiative in microfinance which is promoted to address the capacity building requirements in the sector. The School particularly focuses upon the lives of women who are the primary participants in microfinance interventions. Microfinance is perceived by the School not only as a means of poverty alleviation but also as a means for women’s leadership and the building of women’s assets. India has a rich variety of microfinance initiatives though varying models each of whom have capacity building
requirements. Particularly, there is an identifiable need for quality training in vernacular languages. Research is also an integral requirement to understand the trajectory of the sector and its corresponding capacity building requirements. The School is positioned to address these capacity building needs especially responding to the changing nature of the sector. Graeme Foundation helps the world’s poorest, especially women, improve their lives and escape poverty through access to microfinance and technology. Global poverty is a daunting challenge. But by making very small loans to very determined people, we’ve seen millions of the world’s poor pull themselves out of poverty. With a footprint in 36 nations, Graeme Foundation is able to identify local needs and share best practices and lessons learned to enhance and expand local programs that move women from poverty to financial self-sufficiency. And, as a global foundation, we are able to spot global trends and problems and develop solutions that are easily transferable to others who share our poverty-focused goals. Rowena* returned home from her village loan centre to find her husband enraged because she had not prepared his morning meal. At the centre, she had been forced to wait hours until all members of her lending group had paid their weekly installments. Rahman credits his thesis advisor, Professor Raymond Wiest, for stimulating his interest in the Graeme Bank. Rahrman developed the idea for his research while writing a paper for an economics course. He became convinced that access to credit translates into more power and influence for women in their households and in the community. “I accepted research findings that the process of empowerment is going on. I wanted to see whether this empowerment would be sustainable for the long run,” he explains. During his study, Rahman lived for eleven months in a village that hosts one of the oldest Graeme programs. Women’s loan centers had operated there since 1980. He soon found that, far from being empowered, village women were being exploited as a link to capital. Of his 120 informants,
108 said that men had encouraged or influenced them to join the Bank as a way to acquire funds for their own use. In one case, a man threatened to send his wife back to her birthplace and remarry unless she took out a loan. Overall, more than 60% of the loans were used by men. In addition; Rahman found that 78% of the total micro-loans in the village were used for different purposes than those approved by the Bank. About 30% were used to meet household needs, such as paying a dowry, buying medicine, or paying fees to broker agencies that arrange overseas employment for household members. These expenses create a debt burden for women, forcing them to borrow money from other lenders, appeal to men to pay off the loan installments, or sell household produce that their families would otherwise consume. For example, Rahman met several Bank members who sold hens with hatching eggs, or rice and fruit on the strength of future harvests, to collect enough money to pay their installments. The pressure to pay these installments also creates household tensions. Under the Graeme Bank’s system of peer group lending, a group of borrowers is collectively responsible for each individual loan. The only way in which such flexibility and diversity can be adequately addressed to ensure benefit to women is through a participatory planning process. The need for such a process is signaled both within the financial systems approach itself (e.g. the insistence on market relevance and group lending) and empowerment approaches where the need for grassroots participation is assumed. However Experience suggests the need to address some of the shortcomings of existing systems of participation. Participation takes time, Skills and resources which are often in scarce supply particularly for very poor women. And participation’ per se is not necessarily empowering (Mayoux 1995°b). In relation to microfinance programmes, evidence suggests that women often prefer individual rather than group loans and that in many contexts group formation has been problematic. As
discussed above, savings and credit groups often discriminate against very poor and disadvantaged women. Groups do not necessarily go on to question or address wider issues of gender subordination limiting women’s ability to increase and control incomes or achieve their other aspirations. There has been no comparative study of the ways in which different types and levels of participation in microfinance programmes affect women’s empowerment. Establishing an ongoing system of participatory consultation would be an important step towards client sustainability through making information on linkages between microfinance and empowerment, ways of increasing income and control over income and other strategies directly available to the women concerned. The findings of participatory research would also be a useful tool in lobbying for necessary changes in the formal financial sector. Such an approach would differ from the financial systems approach in taking a multi-dimensional view of empowerment and prioritizing the needs of poor women participants and disadvantaged non-participants over those of donors. At the same time it would have to balance and negotiate where possible the demands of donors and women clients within constraints of available donor resources and the need for long term sustainability. Importantly it would need to clarify macro-level constraints to women’s empowerment, the limitations to microfinance programmes and ways of linking with other institutions to address these.

Upcoming Event. Albom Microfinance Giving Program. The Lenore Albom Microfinance Giving Program is the legacy left to the FWA by Lenore Albom, a former FWA President and visionary who understood the power that microfinance has to transform women’s lives. The promise of microfinance is one of empowerment- empowering low-income women and men through access to credit to invest and grow their businesses, provide for their families, and support their communities. This year, the FWA will direct the Lenore Albom Microfinance Giving
Program to Fonkoze, the largest microfinance institution in Haiti. Delegates to the FWA International Business Conference in Vietnam sought an opportunity to learn about the progress of microfinance in that country. A meeting with World Vision gave the visitors insight into the organization’s piloting of microfinance activities as a business development service, within 6 of its 22 local area development programs, This model provides such other services as health care at the same time as its microloans, which average $115. To most, microfinance means providing very poor families with very small loans to help them engage in productive activities or grow their very small businesses. Like us, many poor people need and use financial services all the time. Although gender equality and women’s empowerment can significantly contribute to financial sustainability, gender impact has not been a consideration in choosing between the different policies options for financial sustainability. Worryingly also, funding for programmes which place prime emphasis on women’s empowerment continues to decrease. There is evidence of significant potential for micro-finance to enable women challenge and change gender inequalities at all levels if there is a strategic gender focus. There have also been many important recent innovations in products and services to enable women to better benefit. Nevertheless benefits cannot be assumed and even financially sustainable micro-finance if it is gender blind may seriously disempower women and increase inequality. It is clear that most micro finance programmes have a long way to go before they make their full potential contribution to gender equality and empowerment. Many of the strategies promoted for financial sustainability may exacerbate the negative impacts of debt, because of over rapid expansion, rigid product design inappropriate to women’s economic activities, cutting of necessary support services and lack of attention to local economic contexts. If micro-finance programmes are to fulfill their very significant potential, evidence
indicates there is a need to rethink current ‘Best Practice’ to ensure that women have equal access to all types of financial services. Gender ‘Best Practice’ must also be integral to micro-finance design rather than a marginal and marginalized add-on to financial sustainability or poverty reduction. There is also a need for innovation to ensure that access translates into a significant and sustainable contribution to women’s empowerment. Different women have very different needs, even though they are often subject to similar forms of discrimination and disadvantage. Some are extremely successful businesswomen, others are labourers struggling to raise a family on their own or with a violent husband but still capable with support to improve their situation with appropriate savings and credit. There is a need for a whole spectrum of service provision from private sector banks giving large loans to established female entrepreneurs on an equitable basis with men to small local community-based organizations with savings and credit for the very poor. There is no ‘one-size fits all’ and there are many possible strategies to increase gender equality and women’s empowerment can be increased. The precise forms a gender policy should take will depend on the particular micro-finance model and particular client groups being targeted and the context in which they operate. However gender policy does need to go further than a few ‘female products’. And the bit of gender training, in the sector as a whole there is a need for: Greater clarity in the underlying gender and empowerment vision of microfinance programmes. Building on the organizational base provided by micro-finance, (both individual lending and group-based) to promote wider organization to challenge gender inequality. Innovation in product design to respond to women’s needs and change rather than reinforce gender inequalities. Innovation in cost-effective provision of non-financial services. Commitment to internal gender policy to ensure organizational capacity to realize the full potential of micro-finance to empower women.
Mainstreaming gender concerns in policy advocacy by the micro-finance sector and the financial sector in general. This economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men. Their increased economic role may lead to change in gender roles increased status within households and communities. These virtuous spirals are potentially mutually reinforcing in that both improved wellbeing and change in women’s position may further increase their ability to increase incomes and so on. This process of empowerment may be further reinforced by group formation focusing on savings and credit delivery: Women can access wider information and support networks for economic activity Groups can support women in disputes within the household and community. Groups can link to wider movements for change in Women’s position. However, these changes are not an automatic consequence of savings and credit alone or of group formation. Evidence suggests that, even in financially successful microfinance programmes, actual contribution to empowerment is often limited: Most women remain confined to a narrow range of female low-income activities. Many women have limited control over income and/or what little income they earn may substitute for former male household contributions, as men retain more of their earnings for their own use. Women often have greater workloads combining both production and reproductive tasks. Women expenditure decisions may continue to prioritize men and male children, while daughters or daughters-in-law bear the brunt of unpaid domestic work, where women actively press for change, this may increase tensions in the household and the incidence of domestic violence. Women remain marginalized in local and national level political processes this is not just a question of lack of impact, but may also be a process of disempowerment: Credit is also debt. Savings and loan interest or insurance payments divert resources which might
otherwise go towards necessary consumption or investment. Putting the responsibility for savings and credit on women may absolve men of responsibility for the household. Where is group meetings focus only on savings and credit, this uses up women’s precious work and leisure time, cutting programme costs but not necessarily benefiting women.-On the other hand a statistically significant correlation is witnessed between value of loan & improvement in family social services ($r = 0.16$, sig. $=0.005$, $N = 312$ ) (table No.17).

With reference;
Table (14): Distribution of improvement in family nutrition by yes or no, table (15): Distribution of house furniture renewal by yes or no, table (16): Distribution of improvement in social services by type of service, table (17): Correlation between finance variable & poverty reduction variables.

The above-mentioned results are in compromise with the consensus that women have shown to spend more when they helped to increase income and hence the welfare of the whole family is improved, and with the survey findings of the special unit of microfinance of the UNCDF, which explains, "women's success benefits more than one person." Several institutions confirmed, a well-documented fact is that women are more likely than men to spend their profits on household and family needs. Both theories and numerous empirical studies suggest that access to financial services is an important direct or indirect contributor to the achievement of most required goals. In the case of education and health, one important effect of access to financial services is through the income effect: better access to financial services improves incomes and therefore the possibility of obtaining health and education services, and at the same time it reduces the need to rely on children as laborers in the household. Allowing women direct access to financial services might improve their possibilities to become entrepreneurs, thus increasing their individual
incomes, their chances to become more independent, and their participation in family and community decision-making.

Research done by UNDP, UNIFEM, and the World Bank, among others indicates that gender inequalities in developing societies inhibit economic growth and development. A recent World Bank report confirms that societies that discriminate on basis of gender pay the cost of greater poverty, slower economic growth, and weaker governance and lower living standards of their people. The UNDP found a very strong correlation between its gender empowerment measure & gender-related development indices & its human development index. Microfinance has come to play a major role in many of the donors' gender and development strategies because of its direct.

Relationship to both poverty alleviation and women. As part of its poverty reduction priority, CIDA supports programs that provide "increased access Marketing for women." By giving women access to productive assets microfinance helps mobilize women's productive capacity to alleviate poverty and maximize economic output. By providing access to financing for income-generating activities, microfinance institutions can significantly reduce women's vulnerability to poverty. A reduction in women's vulnerability can sometimes also translate into empowerment if greater financial security allows the women to become more assertive in household and community affairs. Women shown to spend more of their income on their households; therefore, when women helped to increase their incomes, the welfare of the whole family is improved. Women's Entrepreneurship Development Trust (WEDTF) in Zanzibar, Tanzania, reported, "Women's increased income benefits their children, particularly in education, diet, health care and clothing.

Focusing on woman by providing microfinance might empower them in the interfamily decision process, as shown by Ashraf, Karla, and Yin
use of commitment savings product increased expenditures on female durable goods. Similarly, access to credit and the subsequent establishment of a microenterprise might give women more say in intrahousehold decisions, as Johnson & Murdoch (2007) illustrates with some anecdotes from Bangladesh, Sierra Leone and Zambia.

Rises in the costs of living make poor people less able to afford items. Poor people spend a greater portion of their budgets on food than richer people. As a result poor households and those near the poverty threshold can be particularly vulnerable to increases in food prices. For example in late 2007 increases in the price of grains led to food riots in some countries. The World Bank warned that 100 million people were at risk of sinking deeper into poverty. Threats to the supply of food may also be caused by drought and the water crisis. Intensive farming often leads to a vicious cycle of exhaustion of soil fertility and decline of agricultural yields. Approximately 40% of the world’s agricultural land is seriously degraded. In Africa, if current trends of soil degradation continue the continent might be able to feed just 25% of its population by 2025, according to UNU’s Ghana-based Institute for Natural Resources in Africa. Health care can be widely unavailable to the poor. The loss of health care workers emigrating from impoverished countries has a damaging effect. For example, an estimated 100,000 Philippine nurses emigrated between 1994 and 2006. There are more Ethiopian doctors in Chicago than in Ethiopia. Overpopulation and lack of access to birth control methods drive poverty the world’s population is expected to reach nearly 9 billion in 2050. However, there verseis also true, that poverty causes overpopulation as it gives women little power to plan childhood, have educational attainment, or a career. Indeed, the financial services available to the poor often have serious limitations in terms of cost, risk and convenience. As a result, over time, microfinance has come to
include a broader range of services (credit, savings, insurance, etc.) as the industry has come to realize that the poor and the very poor that lack access to traditional formal financial institutions require a variety of financial products. Microcredit came to prominence in the 1980s, although subsidized credit programs to targeted communities date back to the 1950s and early experiments in Bangladesh, Brazil and a few other countries began in the 1970s. The important difference of microcredit was that it avoided the pitfalls of an earlier generation of targeted development lending, by insisting on repayment, by charging interest rates that could cover the costs of credit delivery and by focusing on client groups whose alternative source of credit was the informal sector. Emphasis shifted from rapid disbursement of subsidized loans to prop up targeted sectors towards the building up of local, sustainable institutions to serve the poor. Microcredit has largely been a private (non-profit) sector initiative that avoided becoming overtly political, and as a consequence, has outperformed virtually all other forms of development lending. Indeed, since the 1980s, microfinance programs have improved upon original methodologies and extended beyond conventional thinking. First, microfinance demonstrated that poor people, and especially women, had excellent repayment rates (and often, rates that performed better than those in formal financial sectors). And second, that the poor were willing and able to pay interest rates that would allow the microfinance institutions (MFI) to cover costs. Traditionally microfinance was focused on providing a very standardized credit product. The poor, just like anyone else, need a diverse range of financial instruments to be able to build assets, stabilize consumption and protect themselves against risks.

The impact of financing enhances women ability to form a surplus to repay & transform to self-reliance & increase income. It is obvious from the following tables that 79.5% of the sampled units agreed that they
received small loans, 17.3% received medium loans, 1.3% received large loans and 1.9% received loans in kind (table 23). As regards loan repayment 32.1% agreed that their loan repayment is excellent, 48.1 is good and 28.8 is bad (table 24). As regards loan repayment default 26% agreed that the loan repayment default is due to short period, lack of experience& training, 4.8% due to inefficient finance, 0.3% due to inability to coordinate between home duties & work in project & 68.9 % due to being exhausted in other projects (table 25). As regards source of loan, repayment 58% agreed that the source is project rewards, 30.4% cutting from home expenses and 11.5% from salary (table 26). On the other hand a statistically insignificant correlation is witnessed between the variable value of loan & each of the other 3 variables, status of loan repayment ($r = 0.042$, sig.0.463), loan repayment default ($r =0.066$, sig. =0.247), sources of loan repayment ($r = - 0.037$, sig. = 0.515) (table 27).

With reference;

The BBC Business Weekly program reported that much of the supposed benefits associated with microfinance, are perhaps not as compelling as once thought. In a radio interview with Professor Dean Karla of Yale University, a point was raised concerning a comparison between two groups: one African, financed through microcredit and one control group in the Philippines. The results of this study suggest that many of the benefits from microcredit are in fact loaned to people with existing business, and not to those seeking to establish new businesses.
Experience has shown that repayment is higher among female borrowers rather than males, mostly due to more conservative investment and lower moral hazard risk. The above mentioned results agree with the findings of the study submitted by Afaf Ali Abdel Karim titled "Small-scale business enterprise in Khartoum", submitted as a fulfillment of Master degree, Khartoum University, Development Institute, July 2001. The analysis of the collected data shows that more women that are Sudanese have undertaken economic activities in all sectors particularly during the past decade due to the increased economic and social burdens placed on their backs. The study shows that the women economic activities are highly related to their traditional domestic activities such as agriculture and handicraft. However, small percentages of women have entered fields mainly dominated by men such as construction, import and export and tanneries. The study shows that the majority of businesswomen in Khartoum State are married, indicating a positive relation between the need for more financial income due to increased family responsibilities, and business activities. The evaluation of the performance of business shows that more than 80% of women enterprises are making high or satisfactory profit while a small percentage is losing. Therefore, there is a direct correlation between the success of a woman in business and her level of education. It is found that almost all women enterprises are private or self-financed and very rarely women got finance from banks. The types of problems businesswomen face were also investigated. It was found that the majority of businesswomen have no family or traditional problems. However, very large percentages suffer from economic problems such as lack of financial resources, high prices, lack of input products and marketing problems. The World Bank has recently revised its measurement of world poverty; Chen and Ravalli on (2008) use a poverty rate of USS 1.25 a day (in 2005 U.S. dollars), and by this
standard there were 1.38 billion poor in 2005. If the poverty line is set at USS2.00 a day, this number rises to 2.09 billion. These are absolute poverty lines. There is a vigorous controversy about whether world poverty is indeed falling. In this context, the focus is on absolute poverty. In 2001; GDP per capita in the world was on average about $21 a day. However, in the same year, more than half of the world population lived on less than $2 a day, and more than 1 billion lived on less than $1 a day. Shown this way, poverty reflects the unequal distribution of income around the world. Besides a globally unequal distribution, poverty at the individual country level is, in turn, driven by a combination of lack of economic growth, as measured by GDP per capita, and an unfair income distribution, as measured by inequality. Inequality matters because poverty could be high despite a high level of GDP per capita if inequality is high as well. Research has shown that, indeed, growth and reduced inequality both have an individual effect in terms of alleviating poverty. Importantly, research finds that financial development reduces poverty and does so via both channels. There is much direct evidence that financial development helps economic growth. Recent research, however, also finds that financial development reduces inequality. The money was spent on large projects that turned out to a waste of resources. The Akosombo Dam was built in order to supply electricity for the extraction of aluminum from bauxite unfortunately; Ghanaian ores turned out to be too low grade and the electricity is now used to process ores from other nations. A two-lane paved highway was built into the interior. Unfortunately, Ghana has few motor vehicles that require such a superior roadway, and there are very few other roads of any kind in the country. Storage silos for the storage of cocoa were built to allow Ghana to take advantage of fluctuations in the commodity prices. Unfortunately, unprocessed cocoa does not react well to even short-term storage and the silos now sit empty. Another example of misspent money is the Aswan
High Dam the dam was supposed to have modernized Egypt and Sudan immediately. Instead, the block of the natural flow of the Nile River meant that the Nile’s natural supply of nitrate fertilizer and organic material was blocked. Now, about one-third of the dam’s electric output goes directly into fertilizer production for what previously was the most fertile area on the planet. Moreover, the dam is silting up and may cease to serve any useful purpose within the next few centuries. In addition, the Mediterranean Sea is slowly becoming more saline as the Nile River previously provided it with most of its new fresh water influx. Corruption is also a major problem in the region, although it is certainly not universal or limited to Africa. As such, wealth redistribution and capital controls are often seen as a more appropriate way for African nations to stabilize funding for their government budgets and smooth out the boom and bust cycles that can often arise in a developing economy. However, this sort of strategy often leads to internal political dissent and capital flight. Widespread availability of cheap labor has often perpetuated policies that encourage inefficient agricultural and industrial practices, leaving Africa further impoverished. For example, author P.J. O’Rourke noted on his trip to Tanzania for his book Eat the Rich that gravel was produced with manual labor (by pounding rocks with tools), where in almost everywhere else in the world machines did the same work far more cheaply and efficiently. He used Tanzania as an example of a nation with superb natural resources that nevertheless was among the poorest nations in the world. Education is also a major problem. Elementary education is scattershot, even in the wealthier nations. Illiteracy rates are high although a good proportion of Africans speak at least two languages and a number speak three (generally their native language, a neighboring or trade language, and a European language). Higher education is almost unheard of, although certain universities in Egypt and South Africa have excellent reputations. However, some African nations have a paucity of
persons with university degrees, and advanced degrees are rare in most areas. As such, the continent, for the most part, lacks scientists, engineers and even teachers. The seeming parody of aid workers attempting to teach trilingual people English is not entirely untrue. South Africa under apartheid is an excellent example of how an adverse situation can further degrade.

The results also agree with the findings of the study titled "Sustainable development through microfinance-case, women training of Alkmaar & Albaraka Association- Toti Island", submitted by Sumra Awad Ahmed as a fulfillment of Master degree, University of Khartoum. This study results revealed that microfinance improved family income which is reflected in families' socio-economic conditions. The payback of loans proved to be successful. The SEWA Union acts as a pressure group to obtain civic facilities from the municipal authorities and protection against police harassment. It also engages in collective bargaining for better prices for finished products and for cheaper raw materials. Other activities include efforts to secure the representation of self-employed women in matters related to trades and occupations and to provide legal aid and grievance resolution services on an individual basis. The SEWA Mahila Sahakari Bank was established as a co-operative bank in 1974; it is a multi-service lending institution, providing loans to low-income urban and rural women. By 1979 it had 4,000 members, 90 per cent of whom were illiterate. People pay a small annual membership fee. As shareholders they are issued a passbook where they can keep a record of their loans. They receive a one half per cent refund if they repay their loans on time. Penalties are charged if payment is late. Field-workers from SEWA visit borrowers at their homes to advise them on low cost sources of materials and help them with loan repayment schedules. They also try to arrange appropriate training opportunities that will help their shareholders to increase their incomes. The Bank has developed linkages with industry,
government and training institutions from which it mobilizes technical assistance and other services to provide for its members and share holders. Mahila SEWA Trust was registered in 1975 under the Bombay Trust Act. It provides social security and welfare inputs (including medical coverage). It also gives training to improve productivity in trades and occupations, including training in functional literacy. Upon the completion of their training, it helps to place women in suitable employment. SEWA gets funding from a range of organizations including the Ford Foundation, Oxfam, International Confederation of Free Trade Unions and the Indian government. Working Women’s Forum was started in 1978 by Mrs. Jaya Arunachalam, a respected Congress Party politician who had become disillusioned with the failure of political leadership and action to help poor women. Like SEWA Working Women’s Forum has been well-documented elsewhere. The core of the work of Working Women’s Forum, according to a survey of market women, has been credit provision. Initially it acted as an intermediary organization between the nationalized banks and local women’s loan groups. Later, after official registration in April 1981, loans were also increasingly given from the Working Women’s Cooperative Society set up by the movement. Much of the debate about the small-scale sector has focused on the relative “efficiency” of small-scale enterprises and their consequent contribution to economic development. This literature indicates that there are particular industrial contexts in which expansion of bona fide small-scale units is possible. These range from particular types of highly skilled high-profit handicraft production for export and luxury urban markets to low-skill, low-profit production for local rural markets. There are also undoubtedly contexts in which some increase in incomes to small-scale units might be achieved through internal changes in the structure of enterprises along the lines summarized in box 4 above. Nevertheless it cannot be assumed that the model of individual small
scale entrepreneurship is universally viable or desirable. In many cases the perceived “independence” of small-scale producers is illusory and masks the extreme vulnerability of both poor entrepreneurs and laborers in the small-scale sector. In many contexts small-scale enterprises are seriously disadvantaged by economies of scale in production, raw material supply and/or marketing. Small-scale units are often only viable through their ability to avoid quality regulations (Banerjee, 1988) and, crucially, as discussed below, through super-exploitation of labor. Moreover, the degree to which small-scale producers can be “independent” is often extremely limited. The poor, just like anyone else, need a diverse range of financial instruments to be able to build assets, stabilize consumption and protect themselves against risks. Indeed, in many developing countries, self-employment through microenterprise is often the only way to provide for families and the local environment. Thus, we see a broadening of the concept of microfinance--our current challenge is to find efficient and reliable ways of providing microfinance to unite range of poor and especially women's. The typical microfinance clients are low-income persons that do not have access to formal financial institutions. Their “microenterprises represent an estimated 80% of the total enterprises in the world 50%, of urban enterprises and 20% of the GNP of their countries. Food insecurity in Sudan is fundamentally a rural problem. How insecurity situations also prevail in the peripheries of large towns among urban poor and IDPs. About 8.4 million people (30% of the total population) are estimated to have low food intake. Background The lack of sustainable access to financial services for low-income people in Sudan has been identified by the government and other major actors as one of the core constraints to poverty alleviation in Sudan. Following the signing of the 2005 Comprehensive Peace Agreement, microfinance has been endorsed by the Government of National Unity and the Government of Southern Sudan as
a central component of their poverty reduction strategies. In 2006 the Central Bank of Sudan Formulated a “National Vision for the Development and Expansion of the Microfinance Sector in Sudan”, a two-year strategy on microfinance sector policies and consequently established its Microfinance Unit to lead the development of the sector in Sudan. Bridge the economic growth gap needed to reach the MDG income poverty target, financial development could play an important role via both its growth and inequality financial. Implied that if all countries would have had financial sectors in 1990 equal to the current average, there would have been an additional yearly per capita GDP growth. So in principle, financial development alone could lead to growth rates close to about half of the gap needed to cut world poverty in half by 2015.

Financial Development Reduces Poverty. There is also direct evidence that financial development is associated with a lower poverty ratio. A recent study analyzing the relationships between levels of financial development and poverty finds that a 10-percentage it increase in private credit to GDP reduces poverty ratios by 2.5-3 percentage points. This effect persists even when GDP per capita is taken into account, suggesting that besides raising income levels, financial development also works via a reduction in inequality by broadening the opportunity of all to participate in productive economic activities.

According to the US Census Boreal, 372%, of Female-headed household with children were living in poverty in 2008 compared with just 8 percent of families with both parent in the home and 14% percent of muddleheaded-families. Why women disproportionately affected by poverty and how can law makers, advocate, philanthropists, wiriness leaders and others work to solve the problem (raty showlattors, 2004).consumption needs, including food and nonfood components. In this case the poverty line is obtained by specifying a consumption bundle considered adequate for basic consumption needs, then estimating the
cost of these basic needs. The poverty line may be thought of as the minimum expenditure required by an individual to fulfill his or her basic food and nonfood needs. Once we have computed a household’s consumption, we need to determine whether that amount places the household in poverty; or defines the household as poor. The threshold used for this is the poverty line. The poverty line defines the level of consumption (or income) needed for a household to escape poverty. It is sometimes argued that the notion of a poverty line implies a distinct turning point in the welfare function. That is, by rising from just below to just above the poverty line households (and individuals therein) move from considerable misery to an adequate minimum amount of well-being. However, given that well-being follows a continuum, and given how arbitrary the choice of poverty line is, the notion of such a turning point is not compelling. A corollary is that it usually makes sense to define more than one poverty line. For example, one common approach is to define one poverty line that marks households that are poor and another lower level that marks those that are extremely poor. Another approach is to construct a food poverty line, which is based on some notion of the minimum amount of money a household needs to purchase some basic-needs food bundle and nothing more. If the cost of basic nonfood needs is estimated, the food poverty line added to the nonfood needs will equal the overall poverty line. Sometimes we are interested in focusing on the poorest segment (for example, poorest one-fifth or two-fifths) of the population; these are the relatively poor. When defined in this way, it is a truism that “the poor are always with us.” It is often helpful to have a measure such as this to target programs geared to helping the poor. In practice, rich countries have higher poverty lines than do poor countries. This explains why, for instance, the official poverty rate in the early 1990s was close to 15 percent in the United States and also close to 15 percent in much poorer Indonesia. Many of those counted as poor in the
United States would be considered comfortably well-off by Indonesian standards. As countries become better off they have a tendency to revise the poverty line upward, with the notable exception of the United States, where the line has (in principle) remained unchanged for four decades. For instance, the European Union typically defines the poor as those whose per capita income falls below 50 percent of the median to help countries think systematically about how the position of poor people may be improved, and to act accordingly, the World Bank favors the Poverty Reduction Strategy Paper (PRSP) process. Countries are expected to measure and analyze domestic poverty, and to identify and operationally actions to reduce poverty. The PRSP process requires strong technical support. A central purpose of this Handbook is to impart the requisite technical and analytical skills. According to the World Bank (2000), “poverty is pronounced deprivation in well-being.” This of course begs the questions of what is meant by well-being and of what is the reference point against which to measure deprivation. One approach is to think of well-being as the command over commodities in general, so people are better off if they have a greater command over resources. The main focus is on whether households or individuals have enough resources to meet their needs. Typically, poverty is then measured by comparing individuals’ income or consumption with some defined threshold below which they are considered to be poor. This is the most conventional view—poverty is seen largely in monetary terms—and is the starting point for most analyses of poverty. A second approach to well-being (and hence poverty) is to ask whether people are able to obtain a specific type of consumption good: Do they have enough food? Or shelter? Or health care? Or education? In this view the analyst goes beyond the more traditional monetary measures of poverty. Nutritional poverty might be measured by examining whether children are stunted or wasted; and educational poverty might be measured by asking whether people are
literate or how much formal schooling they have received. In addition, most African nations have borrowed substantial sums of money. However, a large percentage of the money was either invested in weapons (money that was spent back in developed nations and provided little or no benefit to the native population) or was directly misappropriated by corrupt governments. As such, many newly democratic nations in Africa are saddled with debt run up by totalitarian regimes. Large debts usually result in little being spent on social services such as education, pensions or medical care In addition, most of the debt currently owed (approximately $321 billion (U.S.) in 1996 represents only the interest portion on the debt, and far exceeds the amounts that were actually borrowed (although this is true of large debts in developed nations as well). Most African nations are pushing for debt relief, as they are effectively unable to maintain payments on debt without extending the debt payments indefinitely. However, most plans to forgive debt affect only the smallest nations, and large debtor nations, like Nigeria, are often excluded from such plans. What large sums of money that are in Africa are often used to develop mega-projects when the need is for smaller scale projects. For example, Ghana was the richest country in Africa when it obtained independence. However, a few years later, it had no foreign reserves of any consequence. The money was spent on large projects that turned out to a waste of resources: The Akosombo Dam was built in order to supply electricity for the extraction of aluminum from bauxite unfortunately; Ghanaian ores turned out to be too low grade and the electricity is now used to process ores from other nations.

Important suggestions of sampled units about not currently provided by banks & organizations, financial & non-financial services that are and how the access to finance is to be feasible & the exploitation of credit is to be proper.
Banks:
* Financial services:
  - Open special saving account services for the beneficiaries.
  - Institutionalize a system for charity loans (free of interest loans).
  - Improve the current loan lending conditions.
*Non-financial services:
  - Implementation of technical know-how training & consulting programs.
  - Implementation of programs directed to eradicating the poor's housing problems.
Organizations:
* Financial services:
  Introduction of insurance services.
    - Make the finance in kind more popular.
    - Improve the current loan lending conditions.
*Non-financial services:
  - Implementation of technical know-how training & consulting programs.
Feasible access to finance:
  - Increase loan sizes.
  - Decrease interest rates & transactions costs.
  - Accelerate procedures & Shorten the long process period after submission of required documents.
  - Introduce a more proper guarantee & collateral mechanism.
Proper exploitation of credit:
  - Enhance formation of cooperative societies.
  - Introduce a group lending mechanism.
  - Introduce project partnership mechanism that relates the beneficiaries with The financing institution.
& incentives for the most s- Give help & support in successful beneficiaries.
- Total abolition or decrease to the minimum of the heavy conducting projects' Feasibility studies.
- Render government concessions to the beneficiaries to help
- Make loan lending administrative procedures easy, simple and short.
- Implementation of technical know-how training & consulting programs, Particularly for the beneficiaries to know them find locations for their Projects. How to start their projects successfully.
- Give advice & directions about how to open new marketing channels.
- Introduce cash & in kind subsidies local fees & charges.
- Enhance formation of cooperative societies.
- Introduce a group lending mechanism.
- Introduce project partnership mechanism that relates the beneficiaries with The financing institution. & incentives for the most s- Give help & support in Successful beneficiaries.
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- Give advice & directions about how to open new marketing channels.
- Introduce cash & in kind subsidies local fees & charges.

Small-scale producers are often bound to these larger scale interests not only through impersonal trading arrangements, but also a range of informal systems of exchange, indebtedness and social ties. As well as being exploitative in themselves these may preclude any attempt by small-scale producers to gain more control over their conditions of
production without forfeiting their low-paid security or running the risk of direct intimidation. Second, even where small-scale production itself is viable, there are serious questions to be asked about the degree to which poor entrepreneurs and/or would-be entrepreneurs are likely to be successful, given the many constraints they face. As summarized, poverty itself creates serious problems for poor. Entrepreneurs, exacerbating any problems inherent within the small-scale sector. Mayoux identifying particular profitable “market niches” for small-scale production is often an extremely complex process, requiring high levels of expertise and wide range of information. The ability of entrepreneurs to move into such niches may also require considerable production skill, marketing contacts and access to resources and labor with particular skills. It is likely to require more than simply the types of behavioral change advocated by the market approach. In some industries and some contexts male labourers may have certain advantages over non-labourers in attempting to set up an enterprise, in particular privileged access to skills, labor and markets (Mayoux, I 993b).
Chapter-6
6-1 Summary & Conclusions:
- There is direct relation between female microfinance and income improvement of women and households.
- Microfinance in informal institutions is more accessible than in formal institutions.
- Access to credit and microfinance has a considerable effect on poverty reduction.
- Solving the problem of access to finance is an effective mechanism for achieving positive changes in socio-economic status of Programs to improve the borrowers' productivities and to improve saving and ability to repayment.
- MFI should introduce insurance services because it is a guarantee their knowledge on how to start their projects successfully for the poor in case of seasonal income fluctuations and transitory income shocks.
- MFI should accelerate procedures & Shorten the long process period after submission of the required documents.
- MFI should give advice & directions to borrowers about how to open new marketing channels.
- MFI should introduce cash & in kind subsidies & incentives to encourage the most successful borrowers.
  - MFI should try to find a solution for the heavy local fees & charges imposed by the localities which entirely impede borrowers' production and commercial account. Household and increase in women incomes.
- The impact of access to finance enhances women abilities to accumulate a surplus for loan repayment, and by increasing income is to be transformed to self-reliance.
- For economic development and poverty elevation there is unique opportunity to use microfinance as one of the tools under use for achieving these purposes.
- MFIs should implement technical expertise training and consulting
Chapter-6
6-2 : Recommendation

THE RESEARCH RECOMMENDED:-

- Build a statically data base system for microfinance formal and informal activities.
- Conduct and support more researches on best practices in women's empowerment and holistic approaches to micro finance that committed to innovations and continuous developments.
- There is a need for a substantial work to do through the political, institutional and regulatory obstacles in order to reach the majority of poor people, particularly the poor women
  - Government intervention is very important in correcting women neglecting.
- Increase loan sizes.
- Decrease interest rates & transactions costs.
- Introduce project partnership mechanism that relates the beneficiaries with the financing institution.
- Make loan lending administrative procedures easy, simple and short.
- Implementation of technical know-how training & consulting programs, particularly for the beneficiaries to learn them find locations for their projects. How to start their projects successfully?
- Give advice & directions about how to open new marketing channels
  - Introduce cash in kind subsidies local fees & charges to assist women empowerment
    - Introduction of insurance services.-
- Make the finance in kind more popular.
- Improve the current loan lending conditions.
- Accelerate procedures & Shorten the long process period after submission of required documents.
- Introduce a more proper guarantee & collateral mechanism.
- Enhance formation of capital by saving. - Open special saving account services for the beneficiaries.
- Introduce a group lending mechanism.
- Enhance formation of cooperative societies.
- Introduce project partnership mechanism that relates the beneficiaries with the financing institution.
- & incentives for the most s- Give help & support in Successful beneficiaries.
- Total abolition or decrease to the minimum of the heavy conducting projects' feasibility studies.
- Render government concessions to the beneficiaries to help
- Make loan lending administrative procedures easy, simple and short.
- Give advice & directions about how to open new marketing channels.
- Introduce cash & in kind subsidies local fees & charges
- The research recommend for further study in this topic as the research investigate in some aspect like the empowerment; the impact and the access.
Access of women to the microfinance:
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Appendixes

بسم الله الرحمن الرحيم

النقاش الجماعي : مجموعة النساء.
التاريخ : الثلاثاء 1/6/2012م.
المشاركون : 7 نساء.
ادارة النقاش : محاسن يوسف حمد.

الوقت : 11:30 – 2:00

المشاركين في النقاش يتكونون من سبعة نساء ثلاثة نساء يعملون في تجارة الملابس والاحتياجات النسائية بمستويات مختلفة - واحدة منهم تملك محل وثاني تجارة من المنزل بمستوى كبير والثالثة تعمل في تجارة الملابس على مستوى محدود.و أيضاً توجد أخرى تعمل في صنع الوجبات للمناسبات والأطفال من منزلها ثم البيع حسب الطلب، أضاف إليها مالكة ومديرة روضة أطفال وصاحبة مشغل وخارتي

1. السؤال رقم 1 : منذ حصولك على القرض الأول هل حدث تغيير في أصول مشروعة بالنسبة للقرض؟

• صاحبة المشاريع كانت تطلب بيع أواني منزلية استعملت الفرنسي في بيع احتياجات نسائية وملابس واحتياجات اطفال اما بالنسبة للآخرة فقد استغلت الغرض في التوسع في تجارة الشنطة حيث توسع تجارة الأولي والتي استنمت مبلغ وقوده عشرة ألف جنيه اما الثانية فكان قرضها ثلاثة الف جنيه فقط وذلك لخوفها من عدم قدرتها إلا للقاء التزاماتها بالمباع الكبيرة.

• صاحبة الروضة توسعت بشراء النباتات وصول جديدة للروضة، صاحبة المشغل أيضا توسعت في حجم الأصول، اما صانعة الوجبات الجاهزة من المنزل فقد تمكنت من امتلاك كراسي وخدمات احتياجات كانت تنقصها لاستكمال الاعداد لمقابلة احتياجات الحفلات والمناسبات، اما بالنسبة لصاحبة الامجاد فقد تمكنت من امتلاك عربة نقل صغيرة أمانتها دخل مناسب جمعهم وتمكنوا من زيادة أو امتلاك اصول جديدة لمشاريعهم.
2. السؤال رقم 2: منذ حصولك على القرض الأول هل حدث لديك أي تغيير في حجم المبيعات المتصلة بالقرض؟

من النقاش اتضح أن هناك زيادة كبيرة في مستوى المبيعات بالنسبة لل ثلاثة نساء اللاتي يعملن في مجال تجارة الأقمشة والاحتياجات الأخرى. كما سجلت صاحبة بيع الوجبات الجاهزة ارتفاع ملحوظ في المبيعات والدخل نتيجة لتوفير جميع الاحتياجات المناسبات لديها, الروضة أيضا ارتفع عدد الأطفال المسجلين بسبب تحسن بيئة التربية والرعاية فيها. أما صاحبة المشغل فقد سجلت ارتفاع كبير في حجم المبيعات نتيجة للقرض الذي تحصلت عليه.

3. السؤال رقم 3: منذ حصولك على القرض الأول, هل حدث لديك أي تأثير على وضع العمل في مشروعك؟

بالنسبة للعمالة فقد سجلت صاحبة الوجبات الجاهزة ارتفاع كبير في تشغيل عمالة جديدة بعد الحصول على القرض فقد ارتفع عدد العمال الذين يعملون في إعداد الوجبات والاحتياجات الأخرى لديها من 3-10 أي أكثر من 300% أيضا صاحبة المشغل زاد عدد العمال وتوسعت بعد القرض فقد وظفت عدد عاملين سودانيين اضافة إلى ثلاثة عمال اجانب (هنود) أي زيادة بنسبة 250%.

4. السؤال رقم 4: منذ حصولك على القرض الأول هل حدث أي تأثير على نشاط مؤسستك؟ في الآتي:

المخزون:

باستثناء مديرة الروضة ومالكة العربة جميع النساء المشاركات ذكرو ان المخزون من السلع والبضائع ارتفع لديهم وكان بنسب متفاوتة, بصورة أكبر بالنسبة لصاحبة المحل وتاجر الشنطة الكبيرة.

الموقع:
بعد الحصول على القرض وتوسع الأصول والطلب توسعت صاحبة المشغل في محل آخر بأخذ الأسواق المركزية، أيضا انتقلت صاحبة الريضة لبيع منزل أكبر بيع عدد أكبر من الأطفال والمعدات، صاحبة المحل اختصر التغيير على تحسين وضع المحل وضافة جماليات.

أيضا زادت النشاطات في مجالات العمل خاصة بالنسبة لصاحبة الوجبات وبائعات احتياجات النساء والاحتياجات الارضية فقد توسعت العمل وتوعت المنتجات من الوجبات بحيث أصبحت تغطي كافة الشرائح حسب قدرتهم المادية، أيضا التجارة تتعاونت ودخلت بصعوبات جديدة وأداة جديدة. أما السوق والطلب على المنتجات فقد ارتفع بسبب التنوع في المنتجات.

السؤال رقم 5: هل ترى أي اتجاه جديد في العمل؟

لقد أثر القرض في النساء إيجابيا نحو التوسع في العمل بشكل أكبر، بعضهم أصبح يفكر في التوسع في مجال عمله بصورة أكبر، أم اعظمهم فقد بدأوا التفكير في الاتجاه نحو أعمال تجارية أخرى جديدة، مثل تأجير الشنط الكبيرة تكفر في الاستثمار (بقرض) في مجال الكوافر وإدارة داخليه بينما تفكر صاحبة الوجبات في إدارة محل بيع مليوسات احتياجات نسائية.

صاحبة عربة النقل تفكر في فتح مطبخ والتجارة بين مصر والسودان وهكذا جميعهم بدأ يتطوعون في التوسع في الأعمال التجارية بطروح كبير. يستطيع أن صاحبة المشغل تفكر في إنشاء مصنع مليوسات في المستقبل القريب.

السؤال رقم 6: هل تخطط للحصول على قرض آخر؟

جميعهم يفكرون بطلب قرض آخر.

السؤال رقم 7: ما هي أهم المعوقات في تشغيل عملك؟

لم تكن هناك معوقات محددة بامتلاك المشاكل الصيانة بالنسبة لصاحبة العربية.

السؤال رقم 8: ماذا تفعل بالربح الخاص بك؟

معظم النساء ي겁أ بإعادة استثمار الجزء الأكبر من الربح خاصة بعد مضي فترة من بدء العمل.
الغراض المنزلي

9. السؤال رقم 9: منذ حصولك على القرض الأول هل تغير دخل الأسرة؟
• حصل تغير في دخل معظم النساء المشاركات.

10. السؤال رقم 10: هل أثر الغرض على مستوى مشاركة أفراد الأسرة في مشروعك؟
• نعم بالنسبة لبعض النساء - صاحبة الوجبات الجاهزة أشركت جميع أفراد الأسرة في إعداد الوجبات أيضا صاحبة المحل التجاري - أحدى تجار الشنطة اشتروا بنايتهم في عمليات البيع والإيجار.

11. السؤال رقم 11: هل حدث تحسن في الدخل من القرض في حالة الإجابة بنعم ما هي درجة التحسن؟
• بالنسبة إلي تحسن الدخل جميع المشاركات اوضحوا ان هناك تحسن كبير في الدخل وتفاوت من واحدة الي أخرى لكن كان أكثر الدخل ارتفاعا من نصيب صائعة الوجبات الجاهزة والثلث النساء الأخريات اللائي يعملن في تجارة الميلوسات واحتياجات النساء اضافة إلي صاحبة المشغل بينما صاحبات القطاع الخدمي (عربة الإجرة والروضة) كانتا اقل حظا في مستوى الدخل.
• نسبة التحسن أيضا تفاوتت فكانت اعلاها أكثر من 60% عند صاحبة الوجبات وأدنى قليلا 50% بالنسبة للأخريات.

12. السؤال رقم 12: في حال تحسن الدخل هل تستخدمه في صالح الأسرة؟
• الجميع يستخدم جزء لصالح الأسرة والجزء الاكبر لإعادة الاستثمار.

13. السؤال رقم 13: منذ حصولك على القرض الأول هل تحسن النظام الغذائي لسرتك؟
• الجميع تحسن مستوى الغذاء المستهلك في الأسرة، نسبة الزيادة في الدخل تم تقسيمها إلى استئجار واستهلاك، نجد نسبة المبلغ في هذه الزيادة الذي تم تخصيصه لتحسين الاستهلاك يتفاوت من واحدة إلي أخرى، فكانت النسبة التي خصصت للاستهلاك في نسبة زيادة الدخل أكبر بالنسبة لصاحبة عربية.
النقل واللائي يعملان في تجارة الملبوسات وذلك بسبب ضعف الدخل قبل الحصول على القرض وهذا يشير إلى ان الميل الحدي للاستهلاك كان أعلى بالنسبة للنساء من فئة الدخل الضعيف بينما النساء من فئة الدخل الكبير كانت نسبة الصرف على الاستهلاك من جملة زيادة الدخل بسيطة بينما معظم الزيادة خصصت ل إعادة الاستثمار.

14. السؤال رقم 14: منذ حصولك على القرض هل تحسن منزلك؟

- كانت الإجابة متضمنة مع الإجابة السابقة. جميع النساء حققوا تحسين في بيئة المنزل خاصة بالنسبة للنساء اللائي يدخلن مجال العمل التجاري لأول مرة لذا نجد هنالك واحدة من بائعات الملبوسات (تجارة الشرطة) اعترفت بأن الدخل من القرض أسهم في تحسين دخلها وبالتالي تغير كبير في بيئة المنزل لتمكنها من شراء كثير من الاحتياجات الضرورية.

15. السؤال رقم 15: هل هناك أي فائدة إضافية متائية من القرض؟ (على سبيل المثال، التعليم)

- نعم نلاحظ أن الربح كان له دور في تحسين وضع المادي لكل النساء إضافة إلى اثر نفسي إيجابي كبير خاصة بالنسبة الياربة من النساء المشاركات في هذا العمل بعد وفاة أزواجهم وترك مسؤولية تربية الأطفال على عاتقهم.

الممنتجات والخدمات

16. السؤال رقم 16 كيف سمعت لأول مرة عن برنامج الائتمان بنك الأسرة؟

- المشاركة الأخيرة سمعت عن البرنامج بعد وفاة زوجها اثنين من المشاركات سمعوا عن البرنامج من التلفزيون بعد وفاة أزواجهم، ثم الارتباط من أقربائهم وشخص ما.

17. السؤال رقم 17: هل تحصلن على المبلغ الذي تدمنه للحصول عليه؟

- المبلغ المطلوب واحدة تقدمت بطلب ثمانية مليون حصلت على خمسة فقط.

- اثنين من المشاركات حصلن على 70% من المبلغ، اما بالنسبة للاخريات فقد حصلن على جملة المبلغ.
18. السؤال رقم 18: بالنسبة لقرض بنك الأسرة رجاء حدد الأشياء التي تعجبك بشدة في الغرض حسب الأولويات؟

- كانت الإجابة الوحيدة هي التعامل الجيد.

19. السؤال رقم 19: بالنسبة لقرض بنك الأسرة رجاء حدد لاشياء التي لا تعجبك في الغرض حسب الأولويات؟

- كانت الإجابة المتفق عليها هي أن احضار الائتمان المبدئية يضطرهم إلى التعامل الشكلي مع التجار للحصول على النقدي وتطلب ذلك دفع عمولة للتجار خاصة بالنسبة لتجاوزات الديونات لأنهم يحتاجون للشراء من مواقع متعددة وبعضهم يسافر إلى خارج السودان للتضييع.

20. السؤال رقم 20: بالنسبة لقرض بنك الأدخار رجاء حدد اثنين من الخدمات التي لا تعجبك بشدة في الغرض حسب الأولويات؟

- لم يستطيعوا أن يحددوا أي شيء.

21. السؤال رقم 21: بالنسبة لقرض بنك الأدخار رجاء حدد اثنين من الخدمات التي لا تعجبك في الغرض حسب الأولويات؟

- الجميع ليس لديهم مرجعية عن الخدمات المالية وغير المالية التي يمكن أن تقدمها المؤسسات المصرفية للعملاء إذا لم يتمكن أو تحديد أي شيء، وكانت اجتهادهم جميعهم ليس هناك شيء محدد لم يقدم أو كان يمكن أن يقدم?

22. السؤال رقم 22: هل هناك أي صعوبات في التعامل مع قرض البنك؟

- لا توجد صعوبات.

23. السؤال رقم 23: هل هناك أي خدمات مالية لم تقدم من قبل بنك الأسرة وكم ترغب فيها؟

- معظم النساء ليس لديهم مرجعية عن الخدمات التي يمكن أن تقدم من قبل البنوك للعملاء.

24. السؤال رقم 24: هل هناك أي خدمات غير مالية لم تقدم من قبل بنك الأسرة وكم ترغب فيها؟

- لا يوجد.
25. السؤال رقم 25: ما هي اقتراحاتك لتحسين المنتجات والخدمات المصرفية بنك الإدخار؟
- كانت الاقتراحات وسط فئة النساء كالالتالي:
  • تسهيل الإجراءات وخفض الأرباح.
  • تسهيل الإجراءات تعني بصورة خاصة تجاوز موضوع الفاتورة المبدئية وتسليم العميل المبلغ نقدا خاصة في حالة العمل التجاري.