



**In this issue of Food for Thought:**

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*"The moment you know that you can do things by yourself and not depend on a man is the moment you begin going up."* Woman in Bukoba, Tanzania, on how women in the community gain power and freedom.<sup>1</sup>

*"...[T]alent is universal, but opportunity is not."* Secretary of State, Hilary Rodham Clinton<sup>2</sup>

*"With more opportunities to build on their ideas, energies, and visions, [impoverished people around the world] will lead the way in working their way out of poverty with dignity."* Kofi Annan, former Secretary-General of the United Nations<sup>3</sup>

**Theme for December: A springboard to economic empowerment for women**

**What is economic empowerment?**

A woman is economically empowered when she has the ability to succeed and advance economically, and the power to make and act on economic decisions. To succeed and advance economically, women need the skills and resources to compete in markets, as well as fair and equal access to economic institutions. And once a woman is earning wages, she must have the ability and freedom to manage them.<sup>4</sup>

*"...[W]omen's ability to make decisions about earned income or family spending reflects their control over their own lives and their immediate environment." - World Development Report 2012, p81.*

**What are the challenges for women in achieving economic empowerment?**

Women living in extreme poverty face several obstacles in attaining economic empowerment. First, there are the challenges that affect many in the developing world, male and female: lack of access to education and job training, inadequate infrastructure, such as safe water and roads that allow farmers to bring their goods to market, the inability to invest in income-generating assets, like a sewing machine or mechanized farm equipment, and unstable political or economic landscapes, to name a few. For the most destitute, and those in rural areas, a lack of access to the formal financial system is also a major barrier. Savings accounts, mortgages, credit, loans, and the security of formal, regulated banks are important tools in establishing financial stability and growth. But these tools are often unavailable or prohibitively expensive in rural or impoverished communities, and when people do have geographic access to these institutions, the poorest are likely to be identified as too high-risk to access them.

<sup>1</sup> The International Bank for Reconstruction and Development / The World Bank (2011). p95

<sup>2</sup> Retrieved from <http://www.state.gov/secretary/rm/2010/09/147595.htm>

<sup>3</sup> United Nations Department of Economic and Social Affairs and the United Nations Capital Development Fund (2006). piii

<sup>4</sup> Golla, Anne M., et al. (2011).

In most African countries, fewer than 5% of citizens have a formal bank account, compared to more than 90% in the US. (World Survey on the Role of Women in Development, 2009)

For women, all these challenges are even greater. A disproportionate number of the world's impoverished people are women--up to 70%, by some estimates<sup>5</sup>--so by this indicator alone, women are at a higher risk than men for economic insecurity.

Beyond the obstacle of extreme poverty, women in the developing world also face extreme gender-specific barriers. To most of us, the idea that "a woman's place is in the home" is an antiquated, erroneous notion. But for women in the developing world, it is still taken for granted that a woman's responsibility is to take care of the home and children, while the man's role is to be the wage-earner. Because a woman is expected to stay home and take care of her husband and family, parents are less likely to view education as a worthwhile pursuit for their daughters. And once a woman is filling that role, she is tethered to the home, without the free time to seek education or economic opportunities for herself. Those women who are able to enter the labor market may find discriminatory practices that preclude hiring or fair wages. These factors all impede that first indicator of economic empowerment: the ability to succeed and advance economically. The second indicator--the ability to take part in economic decisions and have control over the family's resources--is virtually unobtainable due to oppressive social norms and the fact that men earn the money.

Research has consistently shown that when men control their families' money, less is invested in education, health care, or savings, which mean that whole families and whole communities suffer. Women become mired in a cycle of poverty, where progress is almost impossible, and a lack of savings makes them extremely vulnerable in emergencies

### **What is microfinance, and how can it help?**

Microfinance is the provision of financial services--principally, microcredit, or small loans, to those who are excluded from the formal financial system. There are several different models of microfinance, based on the goals of the lending organization. Some aim to be simply a viable profit-making business. Others hope to catalyze economic development in a region, and others, like Project Muso, are working explicitly to compensate for the systematic disenfranchisement of

Research has found strong reasons to emphasize women's economic empowerment in development programs:

- Economic empowerment is one of the most powerful routes for women to achieve their potential and advance their rights.
- Since women make up the majority of the world's poor, meeting poverty-reduction goals requires addressing women and their economic empowerment.
- Discrimination against women is economically inefficient. National economies lose out when a substantial part of the population cannot compete equitably or realize its full potential.
- Working with women makes good business sense. When women have the right skills and opportunities, they can help businesses and markets grow.
- Women who are economically empowered contribute more to their families, societies and national economies. It has been shown that women invest extra income in their children, providing a route to sustainable development.

Source: Understanding and Measuring Women's Economic Empowerment, ICRW, 2011

<sup>5</sup> UN Women, [http://www.unifem.org/gender\\_issues/women\\_poverty\\_economics/](http://www.unifem.org/gender_issues/women_poverty_economics/)

women. In this third model, loans are given at low or no interest, job training and other services are provided to allow women's participation and success, and contributions to savings accounts are required. Social networks are established-- not only to increase accountability for repayment (groups are often collectively responsible for each member's loan), but also to create a support structure and to build confidence--vitally important for women who are overcoming generations of being told they are incapable and unworthy of participating meaningfully in the economy. Microfinance programs like Project Muso's see extraordinary results: loans are readily repaid, enterprises are launched, children are sent to school, medical care is sought, savings accumulate, and investments are made to increase the quality of life. Most importantly, women gain the respect of their husbands and a strong voice in family decisions. Microfinance is truly a springboard to economic--and social--empowerment.

## **Millennium Development Goals**

The Millennium Development Goals (MDGs) are eight objectives designed by the UN to improve social and economic conditions in developing countries by the end of 2015. Each month we focus on the MDGs impacted by our theme and our monthly featured project. This month we highlight:

### **Goal 1: Eradicate extreme poverty and hunger**

Specifically, to halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day; to achieve full and productive employment and decent work for all, including women and young people; and to halve, between 1990 and 2015, the proportion of people who suffer from hunger.<sup>6</sup>

Mali ranks 175 out of 187 on the United Nations Development Programme's Human Development Index, and 143 out of 146 on the Gender Inequality Index. (These indices each reflect an aggregate of several quality of life indicators such as health, education, economic status, political freedoms, etc.) - UNDP Human Development Report, 2011

## **Discussion Questions**

1. Think about the financial tools you have access to as a citizen of a highly developed country. What is possible in your life as a result of these tools? What would be different without them?
2. It wasn't that long ago that women in the US were systematically disempowered: unable to vote, restricted to housework or limited to (often informal) forms of paid employment, financially dependent on men, and not decision-makers in the family or society. What had to happen for our situation to change? What do you think are the similarities and differences between our situation and that of women in underdeveloped countries today?
3. Microfinance can certainly act as a springboard out of extreme poverty to economic empowerment. But it's not a silver bullet to overcoming poverty, creating gender equality, and sustainable human development. What else do you think must be done to achieve these goals?

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<sup>6</sup> Retrieved from: <http://www.un.org/millenniumgoals/poverty.shtml>

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## Voices: Springboard Microfinance Participant Quotes

"With my first loan from Project Muso, I purchased secondhand clothing to sell. I invested 40,000 CFA (~\$80) in clothing and made 80,000 CFA (~\$160) after resale. With that profit, I purchased materials to make blankets and bedding, and this greatly improved my business. As a divorced woman, the opportunity to generate income is very important as I need to support my children."

- Djeneba Sangare (Sababumandogo)

"After taking out a microfinance loan, I was able to expand my business from selling cooking ingredients to perfume, cream, and other beauty products. Since participating in microfinance, my business is continuously growing."

- Bintou Dicko (Yeelenton)

"Microfinance helps women better provide for their families. Previously, many of these women did not have a way to earn an income. Now, they are able to work in make ends meet. Since participating in this program, I have gained an additional \$45 per month for my family."

- Djeneba Konté (Yeelenton)

“Through microfinance and the project, the community works together by attending meetings, participating in activities, like dying fabric, and supporting each other.”

- Bintou Diallo (Yeelenton)

“Project Muso’s microfinance program is unique because it aims to genuinely help the people of Yirimadjo access credit, while others are there only to make a profit.”

– Astan Touré (Yeelenton)

“Microfinance has helped me increase my savings and participate in savings groups with other women.”

– Nana Niaré (Sigitemogon)