

GENDER MAINSTREAMING IN MICROFINANCE

The backdrop for microfinance in the Philippines emerges more than 10 years ago. But it is only recently that the importance and power of microfinance as a means to reduce poverty has gained increasing recognition. The benefits of microfinance are numerous and well-documented. Since 2001, there are more than 2 million microfinance clients with over Php 20 billion worth of microfinance loans released. Microfinance has helped enhance the ability of poor households to increase incomes, build assets, and reduce their vulnerability in times of economic stress.

But the real power of microfinance lies in its ability to empower the individual. Empowerment is a term that can have many different meanings, but at the most basic level, it means increasing one's control over resources and decisions which, in turn, can shape and define one's future.

The integrated approach to microfinance is grounded within the empowerment framework and attempts to deal with the structural causes of poverty through microfinance delivery. It aims at providing a long-term integrated support package, in which loans are combined with social mobilization, participation, training and education, so as to maximize the income, opportunities and empowerment impacts. It aims to increase capabilities and choices and decrease vulnerability among the poor. Microfinance programs are not seen as the panacea for poverty, and poverty eradication is dependent on wider economic, social and political changes, which are well beyond the reach of financial intermediation.

With better access to microfinance services on a continuing basis, the poor, particularly women, become more active partners and, in many cases, pro-active partners, in the development process.

Why is it important to target women with microfinance and enterprise development projects?

First, global experience shows that women have an outstanding record in paying back microloans. Second, the impact on poverty reduction is higher by targeting women. Finally, many women are natural entrepreneurs since they are the managers of the most common budget on earth—the family budget. The same set of skills used in managing scarce family resources can be used to effectively manage small amounts of capital in a microenterprise.

However, there is a need to understand the constraints under which women microentrepreneurs operate. Women continue to be responsible for more than 90 percent of domestic and childcare responsibilities. And because women also take care of children and do almost all the housework, they spend less time working at the microenterprise. Their enterprises are also less productive because they have

less experience and less training in running a business. Other times, they invest less of their profits in the microenterprise, and instead invest it in their children and their families.

Microfinance institutions must not be content only with reaching women. Institutions must understand how women approach their work, how they manage their microenterprises, how they spend their increased income. They must also play a role in changing perceptions and understanding why empowering women leads to a stronger society and a stronger country.

Most MFIs at the sustainability level would concentrate on social preparation for credit discipline as well as efficient lending and savings programs to ensure that clients are prepared to borrow and their financial needs are met at the welfare stage. When MFIs go into microinsurance, health, nutrition and other social services, and capacity building such as entrepreneurship development, it is assumed that they are concerned not only with their own sustainability but also of that of their clients, who benefit from social protection as well as other resources to meet their practical needs at the access stage. The latter's projects, too are likelier to succeed, thus also increasing the likelihood of poverty alleviation and "increased well-being." When MFIs complement their financial and non-financial services with awareness-raising activities on gender issues and concerns, thereby elevating women's consciousness and spurring them to do something about their disadvantaged condition and position, the latter would have reached the stage of conscientization. MFI programs that enhance the organizing and leadership potential of women in the context of community development, as well as promote their genuine engagement in decision-making, enable the women to reach the stage of participation. When MFIs provide large enough material resources, enable clients to save towards independence, and finally "exit" from the program as empowered partners and entrepreneurs, such clients have reached the stage of control where they attain not only economic but also social and political empowerment.

Promoting economic opportunities for women is a key theme of the practice of microfinance. In fact, part of how we measure success in this area is how our microfinance activities benefit women throughout the country.

However, participation of women clients in microfinance programs remain largely at the perfunctory level. More effective and enabling participatory mechanisms should be instituted so that they can truly have a voice in policy and decision-making.

Mainstreaming gender and empowering women in microfinance would necessitate concrete measures in terms of integration in the vision, mission, goals and objectives of MF policies and programs; awareness-raising and capability building, with special focus on the GFIs; ensuring and institutionalizing poor women's access to microfinance funds and other resources as well as their

participation in budgetary and other financial decision-making processes; setting up new monitoring and evaluation standards, and conduct of impact studies especially on clients of lending programs; and saving and strengthening programs dedicated to assisting and empowering women in poverty.

There are a host of challenges in making microfinance a success, not the least of which is financial sustainability of microfinance institutions. But the stakes are simply too high to ignore the need for gender awareness and its integration into the practice of microfinance. I fervently believe that, coupled with gender-sensitive policies and processes, microfinance programs in the Philippines can make—and are already making—a real difference in improving people's lives.