

The Role of Microfinance for Empowerment of Poor Women in light of the current crisis in Yemen

Mohammed Mostafa Mohammed Qaied ^{1*} and Kundan Basavaraj ²

^{1*} *Department of Postgraduate studies and Research in Commerce Kuvempu University, JnanaSahyadri, Shankaraghatta, 577451, India.*

² *Associate professor Department of Commerce, Sahyadri Commerce and Management College Shivamogga, India.*

Abstract

The aim of this study is to identify the challenges facing the empowerment of poor women in light of the current crisis in Yemen. The study based on the secondary data collected from the Social Fund for Development, Yemen Microfinance Network, websites, official reports and other sources related to the research study. Our study covered the period from 1997 to 2018 and the area of study in Yemen. The results of the study showed that there are several factors affecting the empowerment of poor women in light of the current crisis through microfinance such as customs and traditions, high-interest rate, financial literacy, wrong religious perceptions, demanded collaterals, lack of security, etc.

Keywords: Microfinance, Women, Empowerment, Yemen.

1. Interdiction

Empowering of women is one of the most important issues in developing countries. As women are an integral part of society, their status and participation in decision-making, as well as economic activities, are very low. Microfinance plays a very important role in improving decision-making by contributing to economic activities. Over the years, women were considered only housewives whose main tasks were cooking food and caring for children and husband, because of this perception, was treated unfairly and faced many difficulties and obstacles in most societies. Gender discrimination is an ongoing problem faced by women around the world, which has led to the need to empower women to raise their status as recognized in the Millennium Development Goals (2010).

This limits their ability, restricts their movement, and reduces their freedom and loss of opportunities to contribute to improving family income. Despite this unfair treatment, women have proved to be an effective element in many societies. Over time, women were, to a certain extent, able to change this negative attitude about them. At the moment, women compete with men everywhere and get jobs. Women play a dual role in every society, working in productive and reproductive activities to support men and achieve a better standard of living. Yemen one of the poorest country in an Asian continent (World Bank) is surrounded by many political and economic obstacles due to some internal conflicts that lead to a significant increase in the poverty rate compared to last year due to the conflict, poverty is expected to remain high at approximately 75% in 2018 and 73% in 2019. Given the bleak prospects in Yemen, substantial foreign assistance will continue to be needed for post-conflict recovery and reconstruction (word bank 2017). The country is also ranked as one of the fastest growing countries in the population with an annual growth rate of 3.2 (SFD, 2008). Consequently, there has been an attempt by the Yemeni government to work with some international donors to alleviate poverty and unemployment in Yemen by empowering disadvantaged women by providing them with various types of micro and microcredit and other services to help them get rid of poverty and create good jobs. The concept of microfinance was introduced in 1997 by the establishment of the social fund for development, the SFD created a specialized unit called the Small and Micro Enterprise Development Unit (SMED). This Unit established two separate entities; the Yemen Microfinance Network (YMN) and Small and Micro Enterprises Promotion Service Agency (SMEPS) for the purpose of providing different kinds of technical training and support to various the Microfinance Institutions, Small and Micro enterprises, entrepreneurs and also promoting of microfinance industry in the country. There are currently about 14 microfinance institutions operating in Yemen from microfinance banks, programs, institutions, companies, and others. The current outstanding portfolio is YR 7,800BMillion and the number of active clients is 85,259 as per the 2017 annual Report of the social fund for development. These institutions provide different types of Microfinance loans and services to unbanked people in the country.

This initiative enabled women, clients, to start their own business or expand their existing business, and increase the level of self-confidence and self-esteem in society. Women felt more happy, free, and proud because they might see a change in their standard of living. Therefore this paper focused on the role of microfinance towards poor women in light of the current crisis

2. Literature review

Sultana, H. Y., Jamal, M. A., & Najaf, D. E. (2017). This study tested the role of microfinance in empowering Muslim women and non-Muslim women from a comparative perspective and a comparison between members of SHGs and Non-members to gain better insights into the work of self-help groups. The concept of microfinance is analyzed using the size of the loan received, loan repayment and loan period and economic, social and cognitive empowerment is used to analyze empowerment. Results were scheduled using the logistic regression model. Finally, it is concluded that microfinance brings more

knowledge and social empowerment than economic empowerment. The impact of microfinance is tangible in bringing trust, courage, skill development and empowerment.

Jamal, M. A., Raihana, A. K. A., & Sultana, H. Y. (2016). This study focused on the empowerment of Muslim women through microfinance and self-help groups in Chennai city of Tamilnadu. This study has been collected from both the primary and secondary sources. The results shows that The Government of India has made Empowerment of Women as one of the principal objectives of the Ninth Five Year Plan (1997-2002) and also declared 2001 as the year of 'Women's Empowerment'. Women's empowerment is a process in which women gain a greater share of control over resources - material, human and intellectual like knowledge, information, ideas and financial.

Alshebami, A. S., & Khandare, D. M. (2015). This paper aims to identify the challenges facing women's empowerment in Yemen. This paper is mainly based on the secondary data related to study which covered the period from 1997 to 2013 and the area for the study is Yemen. The result of the study reported that there are multiple factors affecting the empowerment of women in Yemen through microfinance such as customs and traditions.

Sujatha Gangadhar and Malyadri (2015). This study tried to assess the effectiveness of microfinance on the empowerment of women. Results reveal that indicators of women empowerment are household economic decision making, legal awareness, mobility, economic security and family decision making and also reveal that microfinance is a powerful tool in enhancing women empowerment for its all indicators like household economic decision making, legal awareness, mobility, economic security and family decision making.

Sujatha Gangadhar and Malyadri (2015) Impact of Microfinance on Women Empowerment: An Empirical Evidence from Andhra Pradesh. This paper makes an attempt to evaluate the effectiveness of microfinance on the empowerment of women. The findings of this study reveal that microfinance is a powerful tool in enhancing women empowerment for its all indicators like household economic decision making, legal awareness, mobility, economic security and family decision making.

Awojobi, O. N. (2014). This paper focused on empowering women through microfinance the study shows women who take part in MFIs projects have been empowered economically and socially. The results show a significant improvement in the household well-being, income and employment, and women's empowerment, as a result of participating in micro-finance programmes. However, all the respondents bemoaned the high-interest rates being charged by the MFIs, as a result of this, this study recommends that the regulatory authority monitor the behavior of most of MFIs vis a vis the high interest

Kratzer, J., & Kato, M. P. (2013). This study focused on Empowering Women through Microfinance in Tanzania by using the quantitative and qualitative data from three regions of Tanzania, this study shows that women members of microfinance institutions (MFIs) are more empowered compared to non-members in non-program areas. Women members of MFIs have more control over savings and income generated from the business, a greater role in decision-making, greater self-efficacy, and self-esteem, and greater freedom of mobility and increased activities outside the home.

Aruna, M., & Jyothirmayi, M. R. (2011). This study attempts to explore the role of microfinance as a financial intermediary for enhancing women empowerment primary survey. The empirical findings of the study suggest that microfinance has a profound influence on economic status, decision-making power, knowledge, and self-worthiness of women participants of the self-help group linkage program in Hyderabad the study also confirms that as an anti-poverty tool, microfinance has its own limitations to reach the bottom of the poor. However, it is found effective in graduating the poor, not the poorest, and lower middle class to a higher standard of living.

SFD (2017) reported that microfinance has decreased the income and created job opportunities for microfinance clients in Yemen due to conflict. The current outstanding portfolio is YR 7,800BMillion and the number of active clients is 85,259 as per the 2017 annual Report which compared to 2015.

3. Methodology

3.1. Stamen of problems

Rapid growth in poverty and unemployment leads to the need to empower women through various means, including microfinance, making them an effective means of empowering women. Thus this study attempts to answer the following questions:

1. What is the role of microfinance in empowerment of women in light of the current crisis Yemen?
2. What are the challenges facing women empowerment in light of the current crisis Yemen?
3. What are the possible suggestions for improving the women's empowerment in light of the current crisis Yemen?

3.2. Objectives of the Study

- To identify the challenges and difficulties facing women's empowerment in light of the current crisis Yemen.
- To study the role of microfinance in women's empowerment in light of the current crisis Yemen.
- To provide some suitable suggestions to improve the status of empowering women in light of the current crisis Yemen.

3.3. Important of the study

- The study will provide contribution to current literature to the existing one.
- The study will provide valuable suggestions & recommendations to policymakers
- The need of the study arises due to the recent economic development issues accompanied with the current conflict going on in Yemen.

4. Socio- Economic Profile of Women in Yemen

➤ Demographic Indicators in general

Year	Total population (millions)	Percentage of female population	Percentage of urban population	Population growth rate	Total fertility rate	Life expectancy	
2018	28,915,284	49,49%	34.8 %	2.35 %	4.28%	Female	Male
						64(07)	61(06)

Source: <http://www.worldometers.info>

➤ Enrollment ratio

Primary Educating			Secondary Education			Higher Education		
Year	Male	Female	Year	Male	Female	Year	Male	Female
2016	98.56%	86.05%	2016	58.88%	42.82%	2015	97.6%	82.8%

Source: <http://uis.unesco.org>

5. Current Landscape of Women Empowerment in light of the current crisis in Yemen

They are many definitions of empowerment by many scientists in (1993) define empowerment is reflected in a person's capability set. The "ability" of a person depends on various factors, including personal characteristics and social saving. According to the law in Yemen women can easily and freely

register and own any kind of business. There are no restrictions on this from the point of view of the law. Women enjoy the full right to invest and manage any kind of business as long as they do not conflict with the law of the country. However, this appears to be more visible on paper than the reality because of the complex problems of tradition and religion. In spite of all this, the annual report by the social fund for development in 2017 confirmed the number of direct beneficiaries has reached 22 thousand, the percentage of women benefiting from the funding reached 50%, and the total number of temporary jobs created was 651,415.

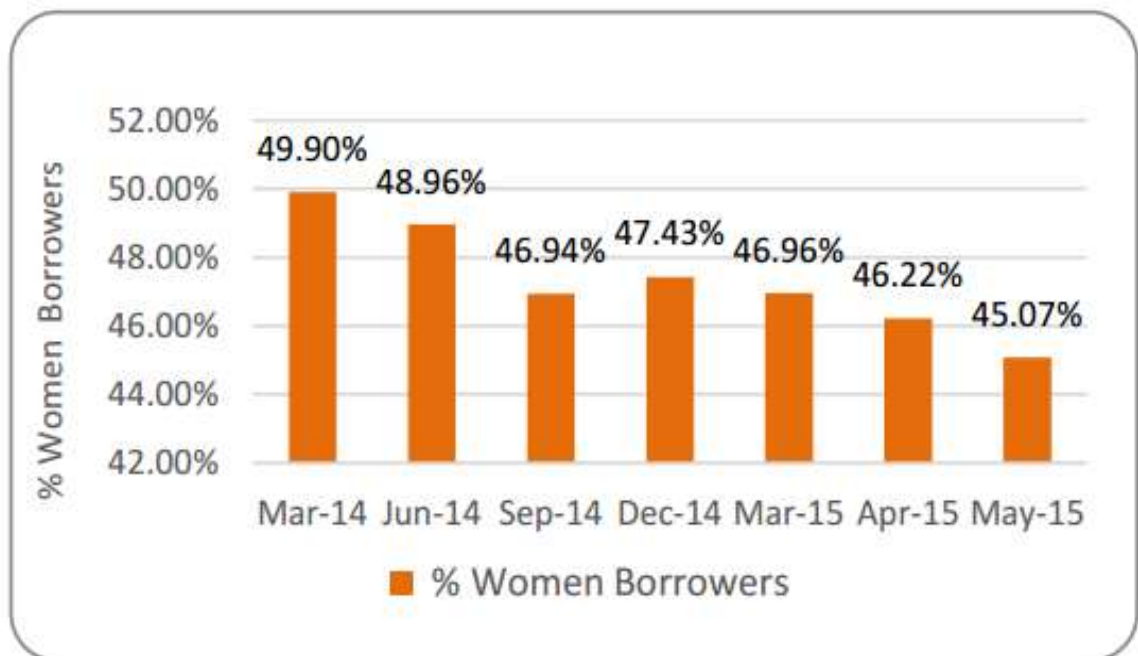
Microfinance Institutions offer different types of products and services to their clients such as individual lending, group lending, village bank, saving, youth loan product, micro insurance, money transfer, money exchange, micro-leasing but at the present, the microfinance institutions have been reduced these services due to conflict. These products may alter from one MFI to another. The microfinance institutions offer a mixture of productive and services. Seasonal loans and consumer loans are provided using murabaha and cash transactions. Loans are available for both start-up and existing business depending on the institution. The size of loan also varies from one programme to another ranging from YR 5000 to 50,000, the loan may reach up to YR 1000,000 and the repayment period would be 6-12 months. The average loan size is USD105.

The microfinance social issues cannot be solved easily they need to make a tremendous effort to change people's mentality and reinforce the need for the concept of women's empowerment in the development of livelihoods. Microfinance may play a role in changing this attitude, although people still look at it with suspension. Women's mobility opportunities are still severely limited by the constraints and barriers faced by society and most of their domestic activities. Various SFD studies have shown that the majority of poor client women work in small enterprises such as sewing, incense manufacturing, hairdressing, animal husbandry, buying and selling of clothes, perfumes, and various other small businesses. However, there was no exclusive training program for women to improve their skills despite the efforts of the SME Promotion Agency.

Graph 1: % of Women Borrowers Based on Sample of Six YMN Members – Mar 2013 – May 2015.

Source: YMN

The numbers for the six MFIs sampled in this study in the above graph shows a growth of women active



borrowers to 49.90% in Mar 2013 and decreased to 48.96 % in Jun 46.94 Sep 2014 Respectively in Mar increased active women borrowers up to 47.43 thereafter again decreased up to 45.07 in May 2015.

6. Important of Group Approach Among Women

Group lending is one of the most important methods used by MFIs to provide micro and small loans to disadvantaged people who cannot obtain credit and do not have collateral to guarantee loans. In Yemen, This type of lending methodology was introduced in 2002 when the ASA Microfinance Foundation in Bangladesh began work on the establishment of a national microfinance institution (NMF), since that time it has been almost replicated in all MFIs in Yemen which still provide by MFIs in the light of the current crisis. The loan is usually less than YR 50,000. However in a country like Yemen, for a woman to obtain a loan from any microfinance institution, a permission has to be granted from her husband or family leader plus a guarantee from any salaried person to be submitted to the credit supplier, this means that this type of lending is not really working effectively in Yemen market due to many restrictions the Social and cultural barriers already hinder the improvement of women's empowerment. They limit the access of low-income women to credit and prevent them from doing any business that may participate in family development. In many cases, women are denied loans because of their husband's refusal, making it very difficult for MFIs to work and explain the situation to their husbands. The group is usually made up of family members or neighbors and the total number of groups can reach 23 this type of group makes a better opportunity for interaction support and marketing for each other. When women are combined, especially those who have restrictions on mobility, MFIs can have the opportunity to promote and empower social development but at present, the women faced difficulties on mobility due to conflict. It is absolutely necessary to find alternative solutions to this issue so that the collective approach can play the role to development, especially in a country where human development indicators are very poor. In fact, there is no appropriate use of the group's approach to development and the promotion of women's empowerment. Thus some immediate corrective actions have to be taken in this regard.

7. The effect of Microfinance on Women Empowerment

Microfinance was defined by CGAP as providing financial services to low-income people Microfinance does not only mean the provision of microcredit to disadvantaged people, but also different types of small products and financial services such as savings, insurance, etc. The term microfinance has its roots in microcredit that has evolved in recent decades and is one of the new tools used to alleviate poverty and unemployment in various developed and developing countries including Yemen. Despite the short experience of microfinance institutions in the industry it is believed that significant social economic and political changes have been made to the country's microfinance clients. The annual report by the social fund for development in 2017 confirmed the number of direct beneficiaries has reached 22 thousand, the percentage of women benefiting from the funding reached 50%, and the total number of temporary jobs created was 651,415.

Microfinance is a good opportunity for countries to get rid of poverty create new job opportunities for the unemployed and develop home businesses and providing them with easy access to funds that contribute to improving the standard of living of their families. These small and small loans play a vital role in helping couples and children overcome the financial difficulties they face in life and Women have reported in many studies their benefits from participating in microfinance programs, leading to greater autonomy, greater freedom, better business skills, better self-esteem, and increased self-confidence. Increased decision-making opportunities within and outside the family and improved their economic situation, which increase their income and secure their future.

8. Difficulties and Obstacles Facing Empowering of Poor Women in light of the current crisis in Yemen

Yemen's microfinance industry faces many difficulties and obstacles in the light of the current crisis, especially with women clients which cleared in the various studies conducted by SFD. The researcher further adds his own point of view to these difficulties. The major difficulties can be illustrated in the following points:

- ❖ The existence of highly conservative lending practices which hinders the possibility of women to access to loans and contribute to the improvement of their household standards of living.
- ❖ The demand for collateral and loan extension guarantees leads to hinder the development of traditional household activities and restrict business growth.
- ❖ The improper use of a collective approach to support women's economic and social empowerment leads to the loss of the opportunity for further social change for women.
- ❖ The religious position of traditional lending limits the possibility of women applying for loans from MFIs.
- ❖ The Negative perceptions of community members, especially in northern and central cities, against women who wish to start their own businesses restrict them and discourage them from applying for loans.
- ❖ Lack of marketing skills, market knowledge and marketing activities leads to loss of the amount invested in the organization.
- ❖ Absence of appropriate technical training and support for women making them rely mainly on their relatives or experts in the field due to conflict.
- ❖ The very high-interest rate leads to create fear to women regards to the ability to repay it back which lead to not apply for the loan.
- ❖ Shortage of services which was provided by microfinance institutions due to the conflict that led to the freezing of the microfinance market.
- ❖ A graduation of loan level from one to another is very slow due high of the current crisis.
- ❖ There is a limited level of knowledge and awareness among women about resource management, budget control and other business functions available.
- ❖ Fears the MFIs of women due to limited experience and knowledge in project management and the current conflict.
- ❖ Women suffered from domestic violence which leads to limit the development of enterprises.
- ❖ Due to the current conflict, the Enrollment ratio increased which leads to a decrease in the development of enterprises.
- ❖ Poverty and other humanitarian issues pose serious threats to women's security exacerbating conflict and exploitation.
- ❖ The lack of security which creates leads fears to microfinance institutions as well as women to develop, invest and support.

9. Recommendations

The study revealed the empowerment of women clients Out of MF in many ways, there is an innumerable problem against the micro-empowerment of these women through MF. Therefore, the following recommendations were made to help in the gather of microfinance to be an ideal tool for empowering women. The study also revealed that another difficulties faced by women in microfinance is their lack of business knowledge about Microfinance programs. Therefore, the basic factor of business education to train these women on basic business management.

The study revealed that although women face many difficulties accessing microfinance, the most important of these difficulties is the high interest rate on loans. Therefore recommended to reduce interest

on loans to promote the care of existing women and even attract new clients since the ultimate goal of most MFI clients is to gain credit. The Government could force a maximum lending rate on loans above which microfinance institutions cannot lend loans to their clients. This will help MFIs meet the need for sustainability of their institutions and at the same times to alleviate these women from exploitation resulting from the high-interest rate on loans.

The study detected that lack of security and infrastructure which leads to a decrease in the development of enterprises, therefore the government should providing suitable infrastructure and safe atmosphere for women to market their products and services.

The study detected that microfinance institutions have been reduced their services due to conflict. Therefore the government, as well as donors, should support microfinance institutions to continue providing their services.

The study recommends that further research be undertaken to consider microfinance issues such as the sustainability of microfinance and the different task between MFIs and how these issues affect the economic and social empowerment of women, especially in Yemen.

10. Conclusion

Empowerment of women become has very significant nowadays. It plays an important role in pushing them and making them cable of for the implement of different types of small and micro enterprises that help improve the living standards of their poor families. The core of the empowerment show in giving them an opportunity to be self-reliant and self-confident, it moreover enables them to become an active member of the family who would participate in decision making and other related issues. The empowerment of women should lead to access to new funding and employment opportunities, contribution to family income, freedom of movement, the ability to claim their right, their ability to learn and other positive aspects. Furthermore, it is evident in this study that women encounter some difficulties in accessing microfinance services such as the high-interest rate on loans which high-interest rate is paramount, collateral required for loans, cumbersome service application procedures, and lack of security and absence of training women about the management of the business. In spite of the difficulties women face in accessing microfinance services, microfinance continues to contribute significantly to the economic and social empowerment of women in Yemen, especially among women with basic education and above. It is therefore important for the government, policy makers and microfinance institutions to use strategies to overcome the problems that Yemeni women face specifically in accessing microfinance and also increase microfinance education programs, especially among rural women, because improved access to microfinance can be a tool Ideal for accelerating women's economic and social empowerment in Yemen.

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