



Making Microfinance for Women's Empowerment More Effective

Impact case study of the Sikap Buhay
Entrepreneurship and Cooperative
Development Center (SBCC)

Role of microfinance



- Sustaining livelihoods amidst a global jobs crisis and mass poverty
- Promoting gender equity in the informal economy
- Easing access to credit by poor women
 - No single model: Sikap Buhay is a public-private sector partnership
 - Effectiveness must be measured vis-à-vis the problems faced by informal workers



Strengths of microfinance

- Stabilize employment and earnings; improve sustainability of micro businesses
- Reduce financial vulnerability of poor/near-poor households
- Fills in the need for consumption credit
- Prevents families from falling into poverty
- Improves households and child welfare; sends children to school
- Empowers women in the family and community



Weaknesses of microfinance

- Does not reach the poorest strata of households (partly self-selection, partly exclusion)
- Can raise financial risk profile of vulnerable households
- Fails so far to address some key issues facing informal workers:
 - Lack of security and social protection
 - Unsafe and unhealthy work environment
 - Multiple burdens on women



Issues

- Trade-off between program viability and depth of outreach; economic vs social metrics
- Increased financial vulnerability: is there an oversupply of credit in urban areas?
- High borrower turnover rate; lack of long-term viability of micro businesses
- High repayment rate not always a good indicator
- “Credit plus” vs more comprehensive approach to poverty in the informal economy
- Need for “full employment” strategy
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Recommendations



- Assess and monitor the reach, coverage and impact of microfinance programs
- Broaden the reach of microfinance through innovative, practical measures
- Provision of more financial services and social protection schemes (e.g. Philhealth)
- Gain better understanding of the factors affecting the sustainability of micro-businesses, including macro policies
- Need for a “full employment strategy”