

Microfinance and Women's Empowerment in Egypt

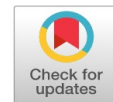
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Abstract: There were controversial academic discussions about the Microfinance Institutions' (MFIs) reliability in the effect of positive empowerment of women in society; where the empowerment of women is a process that enables women to control over resources. The aim of this study is to examine the importance of microfinance role towards the empowerment of women and the socio-economic development of female. The problem statement of this study is that currently there is weak connection between microfinance and the empowerment of women. From this view point, the study developed an abstract frame displaying the relation between the microfinance and the empowerment in Egypt. The article is established according to minor information. The result showed that the empowerment of women is considered as an important factor to let women depending on themselves and to increase their self-confident socio-economic development. The study recommended the participation of women in microfinance program which is very important in women empowerment.

Keywords: Microfinance, The empowerment of women, Empowerment, Development of economics

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INTRODUCTION

Over the years, several policies have been instituted to support the poor of many under-developed countries. Among such policies that have been advocated and implemented for poverty alleviation of the poor is microfinance (Sharma, Singh & Porwal, 2014). The establishment of Grameen bank in Bangladesh by Mohamed Yunus in 1976 helped finance the poorest families to start mini-enterprise thereby elevating their standard of living. Since then, many developing economies have followed suit by establishing MFIs which can help reduce poverty. The United Nations (UN) also regard microfinance as a significant contributing factor for achieving some of the Millennium Development Goals (MDGs) of reducing famine and poverty, women empowerment and gender equality by 2015 (Hermes & Lensink, 2007).

Globally, females are more vulnerable and affected by poverty than their male counterparts (World Bank, 2000; Kim et al., 2007; Wanninayake, 2016; United Nations Development Programme (UNDP), 2011). Females encounter many dimensions of poverty because of gender inequalities in the distribution of income, access to credit facilities, control over properties or earned income, religious beliefs and cultural norms (Mahmood, Hussain & Matlay, 2014). These factors are more prevalent in developing economies and to a lesser extent in developed economies. Microfinance has been reported to be an effective tool for women empowerment which helps in making women independent.

Women empowerment means reorganizing gender relations within the family and in the society and also giving them the capability of challenging and changing their subordinate position in the society (Modi, Patel & Patel, 2014; Salam, 2016).

Side by side with other underdeveloped countries, Egypt also adopted the microfinance programs as a means for decreasing poverty and empowering women and promoting equality in the community, because the indigence is a major challenge facing development in Egypt. Abou-Ali, El-Laithy, El-Shawarby and Marotta (2009) reported that half of the population of Egypt is either poor or vulnerable to poverty.

Microfinance programme was listed in a package of economic reform policies adopted by Egypt in the 1990s as one of the strategies that can be used to reduce poverty. MFIs provide loans and other services in form of technical support to their clients particularly women who are known to invest in

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their children compared to men (Barsoum, 2006; United Nations Development Programme (UNDP), 2008). In addition, promotion of the loans operations by medium and large MFIs will help in improving the small borrowers' condition and enabling them to have access to both loans and savings. As such, waqf financing model has been practiced in several Islamic countries (Karim, 2010). Cash waqf could be effectively and efficiently channeled by the Islamic financial institution; hence, the needy women could have an easy access to the financial services (Karim, 2010).

Thus, the major aim of the study is to determine the extent of the women empowerment in Egypt. Furthermore, specific features or measurements of women empowerment will be categorized into; economic, household and social empowerment. To determine the impacts of microfinance on women empowerment and To investigate the significance of women's empowerment on economic activities and To recommend and suggest possible ways of enhancing women empowerment in Egypt and To ascertain what procedures are necessary in order to improve the factors that inhibit women's access to microfinance in Egypt.

Definition and concept of microfinance

In general, Microfinance is one of the financial inventions that have been arisen in Egypt in order to widen the frame of the small loans, and endeavor to activate the entrepreneurship between who suffer from self-employment as well as poverty to establish and advance their own small businesses. It has been recognized that microfinance is tool for alleviating poverty and improving the social status of the poor and also to develop the standard of living of their families and children along with improving the access to better social services such as education, health, etc. Consequently, this has made the Egyptian government encourage the microfinance as a positive intervention in rural development. Therefore, microfinance is considered as one of the most important initiatives in the rural development. The role of this initiative is to enhance the whole society's welfare as through targeting the most common developmental objectives to decrease poverty and achieve the regional development (Chaib, 2010). There are several characteristics of microfinance (Modi et al., 2014; Sharma et al., 2014; Yunus, 2005; Ngofa, 2014).

Free of physical collateral

There are various functions in the microfinance. Microfinance supports individuals to eradicate poverty through giving them loans without collateral as well as the other financial services to advance businesses that increase income, as every loan will be repaid and money will be redistributed as loans for others, hence doubling its effect.

Quick services at the door steps

Microfinance services are quick, the process does not take long time and with less requirements from the financial institutions. It is also available at all nooks and crannies in the country for the poor to access.

Small savings and loan size

It takes any small amount of savings for giving small loan size for the poor people. Although the loan is small, but people are still making it from the small amount to provide for their daily needs.

Short term loan

The loan financing tenure is between one and three years. The entrepreneurs make use of it and refund it back in order to be redistributed to the other needy.

Definition of women's empowerment

According to Page and Czuba (1999), the definition of women's empowerment is a social multidimensional process which helps individuals to control their lives; it is a process that enhances people's power to use it in their own lives and in their communities, by defining the important issues.

Regarding Sanabel (2011), the empowerment of women has five ingredients including the sense of self-worth for woman, her right in determining choices, her right to get the opportunities and resources,

her right to control her own life within or outside the home, and her ability of influencing the direction of the social change to establish a more just social and economic system, locally and regionally.

Concept of Waqf-based Islamic microfinance

Waqf is an Arabic word which means to hold or to stop, forbidden or prohibition; it is singular where awqaf is the plural. In previous shariah studies, waqf indicates the imprisonment of property and prevents its acquisition by specific destination in order to benefit from it, distribute to the needy and dispose it well, and also waqf is an endowment of money or property made for benevolent reasons (Mhaideb, 2012).

REVIEW OF EMPIRICAL STUDIES

This review is trying to circle the microfinance impact on women's empowerment and other essential aspects specified in the previous studies that have been conducted in the world's different parts.

The impact of microfinance on women's empowerment

Few authors have conducted their research activities on micro-credit and micro finance programs' influence on women's lives, and revealed that microcredit is a significant factor contributing to empowering women. Through the framework of microfinance, women could have the opportunity to start their small businesses near or outside their houses so they do not have to leave their children alone at home. On the other hand, women have the ability of providing the sustenance, education and care of their children in all aspects.

On the other hand, the empowerment of women indicates the rising of the social education, the economic political or the strength of spirituality for an entity or for female's entities.

The study done by Modi et al. (2014) on microfinance for women's empowerment analyzes the microfinance services' influence on the rural women's empowerment in India. This research used questionnaires for 205 respondents that found that variables such as socio-economic status improvement, self-governance options for life, women's position in the family or in society and the positive path towards children development, have an important impact on the empowerment of rural women (Modi et al., 2014).

Jafree and Ahmad (2013) studied the women borrowers of microfinance in Pakistan. Furthermore, they used questionnaires to 149 women as the findings show those microfinance loans are availed predominantly by middle-aged women. Another research was carried out in Oman by Varghese (2011) to examine the empowerment of women by measuring their ability of making the decision of household, to evaluate the economic ability of making decision and to assess women's freedom of social mobility and by recommending possible ways to boost women's empowerment in Oman. This study used variables like earnings, literacy level, occupation, media exposure and acquisition of assets. This research was based on a structured questionnaire by taking a sample of one hundred and fifty women in Sohar area, Oman Sultanate. The result was that most of the women in Sohar area understood their rights and responsibilities (Varghese, 2011).

Awojobi (2014) study examines the influence of micro-credit on the empowerment of women inside Lagose, Nigeria. Using the method quantitatively, a total of 40 women who are clients to micro-finance institutions participated in the survey. The results have shown a brilliant improvement in income, household well-being and in employment, and the empowerment of women, because of participation in the microfinance programs. Nevertheless, all the participants lamented the high rates of interest which the MFIs have charged.

Al-Mamun, Wahab, Mazumder and Su (2014) attempted to investigate the impact of microfinance by participating in Amanah Ikhtiar Malaysia on empowerment of women, targeting the urban women with low income in Malaysia.

To achieve the objective, this study has used the cross-sectional design by using the method of stratified random sampling and collected data through face-to-face structured interviews. Respondents were randomly selected, a total of 249 participants agreed to make interviews. However, to investigate

if the participation in microcredit program will improve the urban low-income customers' role in the decision making of household, help the customer in achieving economic security, get more control on the resources and in family decisions, improve their ability of going outside for work and improve their level of legal understanding.

The result shows that participation in microfinance has influenced positively and significantly the empowerment of women. Therefore, the result has suggested focusing on outreach increasing by selecting urban women with low income (Al-Mamun et al., 2014).

The study of Yasmeen and Karim (2014) aimed to evaluate the impact of the microfinance involvement on women's household decision making. The data for this study are collected by using questionnaires, by using random sampling, 744 households are selected from female clients of khushhali bank and national rural support program in Bahawalpur Division, Pakistan. The results show that women borrowers are more empowered than women with no borrowings.

Sharma et al. (2014), conducted study on the empowerment of women and impact of microfinance on her living standards and poverty alleviation in Delhi. The researcher shows how microfinance has impact on the living standard and how it can also be used as a tool for poverty alleviation in Delhi, and the researcher used both qualitative and quantitative methods in deriving his answer for the question and used 50 female beneficiaries of an NGO MFI who were surveyed by questionnaire. The final result shows that microfinance has helped in improving the living standard of the women in study and helped in the reduction of poverty in Delhi.

This paper focuses on Egypt which is an Arabian country which unfortunately has not really have its fair share in this study, there are many studies conducted on Women's Empowerment especially in Africa and Asia like Rehman, Moazzam and Ansari (2015); Alam (2010); Chowdhury and Chowdhury (2011); Isangula (2012); Bercaw (2012); Perez (2012); Gathoni and Oloko (2014); Yogendrarajah and Semasinghe (2013); Washington and Chapman (2014); Hossain (2012); Hussain and Mahmood (2012).

Studies with relation to waqf-based microfinance

This study presents Islamic microfinance as a significant element in poverty alleviation strategies and women's empowerment, poverty still is one of the major impediments of human progress and societal development (Tohirin, 2010).

Haneef, Pramanik, Mohammad, Amin and Muhammad (2014) aimed to integrate waqf-based Islamic microfinance model for poverty alleviation in Muslim Countries. This study used both quantitative and qualitative methods of inquiry to develop the model. In addition, the researchers have put a theoretically sound and statistically robust questionnaire to investigate various dimensions of this research. A pilot survey was then conducted in Kuala Selangor with a sample of 101 respondents' clients of microfinance in Malaysia. On the other hand, intellectual discourse on the structure of the model was held and developed through a number of discussions/interviews involving practitioners in Malaysia. The result found that overcoming the challenges of conventional microfinance such as high cost of capital, low quality of human resources, vulnerabilities of poor borrowers due to lack of sustainable takaful and limited products for the clients with different occupational backgrounds is important (Haneef et al., 2015).

The results of Kazim and Haider (2012) study of Pakistan Islamic microfinance model and their viability showed that there is a great need for financial services in Pakistan that are sharia compliant. Furthermore, the provision of the services has been lacking and there is a need to fill in the gap. However, interviews of ten practitioners were undertaken to determine their concerns and ideas. On the other hand, the Auqaf Board was also contacted in Pakistan for information and input. In addition, the purpose of this study was to focus on Qarz-e-Hassan, Musharakah, Mudarabah, Salam, Ijarah and Takaful.

This study aimed to analyze the role of the waqf in the socio-economic development of the Muslim community in Malaysia by Suhaimi, Rahman and Marican (2014), data were obtained through interviews conducted by the researcher with the Manager of the waqf fund scheme, the head of administration and finance section and the executive. The researcher also interviewed respondents from four institutions that were beneficiaries of the waqf fund scheme, namely, penang zakat management centre, penaga primary

school, Young Muslim Sports Club (YMSC) and the committee of orphanage charity of Jamek Mosque at BaganAjam. However, the findings of this study show that the endowment fund scheme plays an important role in the economic development of the Muslim community in Penang.

Microfinance in Egypt

According to the earlier studies, microfinance is referred to as the provision of financial services to poor or low-income clients, including consumers and the self-employed, who have no access to conventional financial services.

However, there has been a lot of development in microfinance in Egypt for the last two decades. In 2004, National Strategy for Microfinance in Egypt was developed by the Central Bank of Egypt which resulted in the establishment of the Egyptian Microfinance Network (Planet, 2008).

According to Sanabel (2010), there is lack of a comprehensive microfinance law in Egypt, therefore, entities engaged in microfinance activities (NGOs, banks and companies) are regulated according to their registration type. Although, government appraisals show that microenterprises account for 93 percent of the private sector which represents 52 percent of private employment.

In addition, this CRS scheme identifies what is achievable by joining microfinance with wider training; however, Egypt continues to fall behind other developing countries in relation to non-economic benefits and results from microfinance clients. Microfinance has been used as an avenue for community development by female microfinance clients in some parts of South East Asia and South America. This is still lacking in Egypt. Egypt has an average of about 250 to 300 non-governmental organizations (NGOs) with microfinance activities, but most of these NGOs offer very limited services outside their loan programs (Sanabel, 2011).

The National Impact Survey of Microfinance in Egypt done by UNDP showed that just 6% of total microfinance customers interviewed had received advice or some form of training from their microfinance provider. Most customers specified their willingness to receive more training on issues associated with empowerment, community development, and nutrition from most NGOs with microfinance services in Egypt that do not have such trainings related to these issues (Chaib, 2010).

However, government impediment is not the only factor guiding against using microfinance as an instrument to socially and politically empower women in Egypt. Also most NGOs in Egypt do not give enough consideration to gender issues and this has made most of these NGOs to limit their activities to solely financial services. The majority of microfinance clients globally are women, however about 47% of microfinance clients in Egypt are women (Taha, 2012).

There is a high possibility for microfinance in Egypt to play an emerging role in growing the horizon of female political and community involvement. However, microfinance organizations in Egypt face severe obstruction which is basically owing to the number of female micro-entrepreneurs in Egypt who have access to loans that is still low compared with the rest of the world.

CONCLUSION

Microfinance is an important tool in the mission of empowering women in all aspects. However, Institutions, cognitive and external factors play crucial role in empowerment as loan size, rate of borrowing, procedure of obtaining loan, awareness/ perception, entrepreneurial skills and experience, knowledge and education literacy and cultural norms. For women to be more effective in their strategic options for empowerment, they need to invest microfinance credit obtained in profitable business in order to increase the capital and MFIs should also introduce mechanisms to motivate their clients to develop better saving habits. The microfinance institutions should give more attention to trainings on the management of the funds to help women make better business decisions. Building a main strategy for microfinance is a project that aims to develop a strategic framework for increasing the efficiency and effectiveness of concerted governmental, non-governmental, and donor efforts to expand the development of microfinance.

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