



Get HOPE Global

Microfinance

Microfinance refers to a variety of financial programs that target low-income clients, particularly women. Microfinance programs typically involve the distribution of small loans for the purpose of starting or improving small businesses¹.

Dr. Muhammad Yunus is credited with pioneering modern microfinance. He began lending small sums of money to poor women in the village of Jobra, Bangladesh, as part of a research project during his tenure as a professor of economics at Chittagong University. After receiving positive results from his study, he founded the Grameen Bank in 1983 to provide banking services to the rural poor. Dr. Yunus and the Grameen Bank won the Nobel Peace Prize in 2006 for their work with the poor.

Microfinance is appealing because it offers the opportunity for loan recipients to improve "...their own situation through their own efforts," says Stanley Fisher, former chief economist of the World Bank and current governor of the Bank of Israel. This is what sets it apart from other anti-poverty policies, such as international aid and debt forgiveness, which are essentially top-down rather than bottom-up and have decidedly mixed records². Microfinance programs have shown that underprivileged individuals, when provided with appropriate financial resources, can successfully lift themselves out of poverty.

Focusing on Women

Microfinance programs have generally targeted poor women and have been advanced as a strategy to promote women's empowerment and gender equality. Women comprise the majority of the world's poor, and they are largely excluded from the formal financial sector. Seventy-five percent of the world's women cannot get bank loans³. Microfinance programs avoid barriers that have traditionally kept women from accessing formal financial services such as collateral requirements, male- or salaried-guarantor requirements, documentation, cultural barriers, lack of property ownership, limited mobility, and literacy⁴.

In 2005, the United Nations significantly furthered international awareness of these barriers via the International Year of Microcredit (2005). This movement grew out of the UN's Millennium Development Goals (MDGs), which focus the worldwide development agenda on reducing extreme poverty, as well as improving health, education, and human rights, by 2015⁵. The MDG's also promote gender equality and women's empowerment⁵.

Today, microfinance institutions serve approximately 155 million people. Women currently represent more than 70 percent of all microfinance clients, and more than 83 percent of the poorest clients⁶.



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Get HOPE Global's Microfinance Program

Get HOPE Global's comprehensive program involves a faith-based business training curriculum as a required component of the microloan program. The curriculum is taught to small groups of women and girls, giving them a safety net of encouragement and support. Participants develop a thorough understanding of the fundamentals of running a successful business, as well as planning for long-term sustainability. To date, the loan-repayment rate for GHG loans is approximately 98%.

Click here for more information regarding [Get HOPE Global's microloan program](#).

¹ Kiva. "About Microfinance" 2014. < <http://www.kiva.org/about/microfinance>>

² The Economist. "The Hidden Wealth of the Poor". 2005, Vol. 377, Issue 8451, pp. 3-6

<<http://www.economist.com/node/5079324>>

³ United Nations Development Program. "Gender and Poverty Reduction" 2014.

<http://www.undp.org/content/undp/en/home/ourwork/povertyreduction/focus_areas/focus_gender_and_poverty.html>

⁴ Gupta, Shipra. "Empowering women entrepreneurs through microfinance: a way to gender equality"

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⁵ United Nations. "Millenium Development Goals and Beyond 2015" <<http://www.un.org/millenniumgoals/>>

⁶ United Nations Secretary-General. "Role of microcredit and microfinance in the eradication of poverty" 2010.

<https://www.iom.int/jahia/webdav/shared/shared/mainsite/policy_and_research/un/65/A_65_267.pdf>