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MICROCREDIT HELPING WOMEN OUT OF POVERTY: UNDP

KUALA LUMPUR, Jan 23: Microcredit programmes that combine financing with training are showing results in alleviating poverty and empowering women, according to the outcome of a project by the United Nations Development Program (UNDP), in partnership with the Ministry of Entrepreneur and Cooperative Development (MECD) and the Malay Chamber of Commerce Malaysia (MCCM).

The pilot “Entrepreneurial Skills: Empowering Rural Women” project, aimed at addressing poverty among women and supporting low-income women entrepreneurs in the cottage food industry, has trained some 60 women from low income households in rural Kelantan and Terengganu on how to maximize the use of microcredit facilities and run productive enterprises.

The women were taught financial basics, marketing and branding, how to manage competition, penetrate new markets as well as reap economies of scale in six months of intensive training.

“Availability of microcredit loans helps spur more poor women to get involved in business but access to education, training, markets and information is critical to ensure long-term success,” said Natasya Saufi, UNDP project manager during the special awards ceremony held to acknowledge their achievements.

“This project has helped to connect them to vital start-up capital while providing necessary skills training to ensure that they can overcome challenges, scale up their operations and remain profitable.”

Natasya said that some of the challenges include intense competition from similar products, limited knowledge of food technology, production and quality standards, as well as low confidence and morale.

“Many of the women started their own business as a result of the onset of adverse circumstances, such as the loss of a spouse, divorce or financial hardship,” said Natasya, adding that the women in the project sell home-made local food products such as gula melaka, chilli sauce, keropok, and various kuih-muih.

“All of them share the conviction that their work is crucial for improving the living conditions, health and education of their families.”

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According to official statistics, the poverty rate among rural households stands at 11.9%, compared to 2.5% among urban households. (*Source: Statistics on Women, Family and Social Welfare 2006*)

“With the government’s support, this ‘best practice’ model has helped rural women who have access to micro financing ‘think big’, add professionalism to their home-based industries and open up new opportunities,” said Dr. Richard Leete, UNDP Resident Representative for Malaysia, Singapore and Brunei.

Leete said that promoting women entrepreneurship is consistent with the Millennium Development Goals (MDGs) of promoting gender equality and women’s empowerment and is an effective means to alleviate poverty and unemployment among women.

In 2006, Small and Medium Industry Corporation (SMIDEC) notes that special financial assistance schemes for women entrepreneurs nationwide amounted to RM 22 million.

Globally, women account for 60 percent of the world’s one billion poorest people and make up about 80 percent of microcredit loan recipients.

The event was officiated by Raja Puan Besar of Perak, Tuanku Zara Salim and served as a space for the women to display the results of their work, as well as to share their experiences in developing sources of employment and production in low-income communities.

The group of women entrepreneurs also received a half-day session on personal appearance and grooming by the project’s celebrity partner, former television presenter, Aziah Jasmin.

The “Entrepreneurial Skills: Empowering Rural Women” project by UNDP, MECD and MCCM aims to increase awareness, understanding and take-up of microcredit among the rural poor, and develop a model for successful entrepreneurship.

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ABOUT UNDP: *UNDP is the UN's global network to help people meet their development needs and build a better life. We are on the ground in 166 countries, working as a trusted partner with governments, civil society and the private sector to help them build their own solutions to global and national development challenges. Further information can be found at www.undp.org.my*

Media contact:

Ms. Lilei Chow

Wisma UN, Block C, Kompleks Pejabat Damansara,

Jln Dungun, Damansara Heights, 50490 KL

Contact: +6017-621 5859/ 603-2091 5154

Fax : +603-2095 2870

Email : lilei.chow@undp.org