Microfinance, Human Security, and Millennium Development Goal No. 7*

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Abstract
Microfinance has recently grown in reputation as a way to achieve the UN’s Millennium Development Goals. However, there is concern that the industry has become preoccupied with profitability rather than improved quality of life. To evaluate the transformative capacity of microfinance requires a reassessment of how it is typically practiced. The goals of this article are to introduce human security as a theoretical framework for evaluating the values and norms of microfinance organizations and to discuss the natural environment as a component of human security that is neglected by microfinance, arguably at great risk to clients and the MFIs themselves.

Keywords
microfinance, human security, environment, Millennium Development Goals, Uganda

Introduction
Since its humble beginnings in Bangladesh in the 1970s, microfinance has grown in reputation as a poverty alleviation tool to be developed and delivered by non-state actors outside of formal markets. If the 2006 Nobel Peace Prize, jointly awarded to Muhammad Yunus and the Grameen Bank, can be taken as any indication, microfinance has been broadly embraced by the international community as a viable tool of social, economic, and even political change. Following the Prize there has been more attention to microfinance organizations than ever before and the capacity of the industry continues to grow rapidly due to donor interest and funding. At the end of 2007 the Microcredit

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Summit Campaign reported over 3,552 microfinance institutions had served more than 154 million new and continuing clients and 533 million associated family members across the developing world (Daly-Harris 2009).

However, there is some concern among practitioners and academics that the rapid growth trajectory of the industry has narrowed its focus to profitability and proliferation rather than transformation of clients’ lives, compromising the social mission so integral to the ethos of microfinance. There is criticism that losing sight of this mission will lead microfinance to become just another example of poorly managed development finance, inattentive to the real needs of vulnerable populations (Dichter 2007). The subprime mortgage market crisis in the United States provides a real-world example of the calamitous consequences that may follow wide dispersal of cheap credit to those who cannot afford to take on debt. To address the various concerns of the wary requires a reevaluation of how microfinance is typically practiced. That is, what variables are included and excluded from the narratives of the industry, and how do those narratives support and constrain the transformative capacity of microfinance practice as a tool of social and economic change?

Such a reevaluation calls for a theoretical framework that looks beyond economic components of well-being and brings to the fore the myriad ways lives of the poor are made vulnerable. By investigating how microfinance addresses or ignores these other intrinsic components of well-being we get a clearer picture of the capacity of microfinance to sustain or destabilize those it purports to serve. The goals of this article are three-fold: 1) to introduce human security as a theoretical framework for evaluating the values and practices of microfinance organizations, 2) to advocate human security as a paradigm that could help microfinance address its critics, improve its service, and maintain a commitment to social development, and 3) to discuss the natural environment as a component of human security that is neglected by microfinance, arguably at great risk to clients and the MFIs themselves. The theoretical discussion presented here will focus on the primary activity of microfinance organizations—microcredit. It is supported by the qualitative and quantitative research I have done over the last three years with microfinance executives and practitioners, as well as sustainable development practitioners in the US, Canada, and Uganda.

Human Security

Human security is a concept created in response to the transformed geopolitical conditions that emerged at the end of the Cold War. The neatly divided world of Capitalism versus Communism had dissolved and there was confi-