

ON MICROFINANCE AND WOMEN'S EMPOWERMENT AMIDST THE GLOBAL FINANCIAL CRISIS

SOME REFLECTIONS

Zone C. Narito
WISEACT

- *The financial crisis has not hit the microfinance system” and that “in the middle of all these bad news: microfinance still works.”*

Muhammad Yunus

- The microfinance industry may be resistant to some of the volatility now plaguing financial markets
 - the women who borrow in small amounts often work on projects unaffected by large-scale global banking travails.
 - borrowers at the bottom end of the global income scale are very reliable with repayment rates remaining very high, 97% or 98%
 - demand for microfinance/microcredit has increased



- On the other hand though the commodity price volatility and fluctuating food and fuel costs have meant reduced income of women in microfinance who comprise the overwhelmingly great majority of the clients of MFIs.
- micro entrepreneurs suffer from reduced sales of their produce when their buyers are dependent on remittances from family members working abroad are no longer receiving as much from the latter and others who have been laid off with the closure of companies in the industrial zones.

- Before Tita Nitz daily sales in her sari-sari store was P3,500 – P4,000. Today her average sales is down to P2,000.
 - Before people would purchase a sack of rice; now its down to 5 kilos per purchase. A family's breakfast of rice has been replaced by kamote and other kakanin.



EMPOWERING LOCAL WOMEN AMIDST THE CRISIS

THE WOMEN'S RURAL BANK
EXPERIENCE

WOMEN'S RURAL BANK

- WOMEN'S RURAL BANK

ITS MANDATE AND MISSION: A BANK WITH A SOCIAL MISSION

- WRB was conceived to bring into the mainstream of rural banking a social reform agenda
- It is committed to make financial services relevant and accessible to rural folk especially women and help build up their enterprises.
- Offers an affirmative action for the poor but enterprising rural women and seeks special services to transform their microenterprises into viable businesses.
- To enable poverty-strapped women to have access to financial services, engage in profitable economic activities and empower women in the countryside

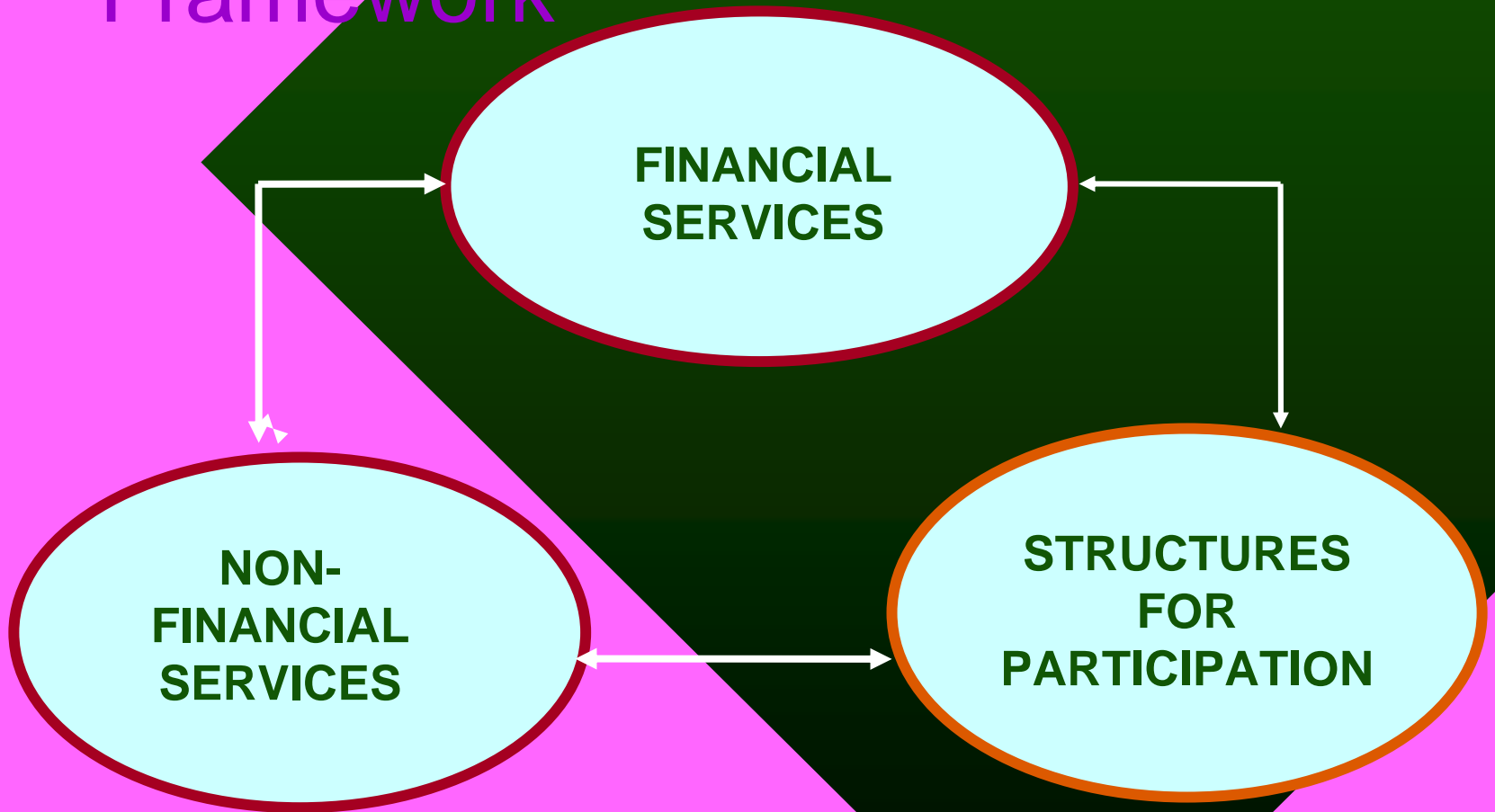
HISTORICAL BACKGROUND (HERSTORY)

- Organizing the Bank (1996 to 98)
 - Mandates and Legal Requirements
 - Feasibility Study Results (“best choice” was Rosario)
 - BSP Application and SEC Registration
 - Putting up the Capital Requirements
 - Loan from an international funding agency and investments of the organizers
- March 1998 – WRB-Rosario, Batangas “*Now Open for Business*”
- Start-up Years (1998 to 2001)
 - Aside from conventional products and services (savings and time deposits, agricultural, industrial and commercial loans) other **affordable micro-credit loans** to market vendors and enterprising women.

Growth, Consolidation and Expansion (2002 to present)

- With encouragement and mandate from BSP, the Micro finance for enterprising women was started in 2003 with 35 women client and within the same year grew to 2000 MF clients.
- In 2004, there were 3,800 women clients from 94 barangay in 11 towns
- In July 2005 a new **micro-finance oriented branch in Sta. Teresita, Batangas** was inaugurated .
- WRB serves more than 5,000 MF clients to date.

WRB's Microfinance Program: Framework



FINANCIAL SERVICES

- Provision of small loan, savings, capital build-up
- Efficient lending and savings programs
- Development of social protection mechanisms such as life/accident insurance, maternity benefits
- Meeting of clients financial needs through the development of other kinds of loans: sickness, emergency, house repair, commodity, loans for special occasions

NON-FINANCIAL SERVICES

- Enhancing the organizing and leadership potential of women
- Capacity building, e.g., entrepreneurship, financial management
- Marketing assistance
- Health, nutrition, day care, family planning and other social services
- Awareness-raising activities on gender issues and concerns and women's rights
- Education on community, local, national, international economic and political issues
- Provision of women friendly technologies
- Social preparation for credit discipline



STRUCTURES FOR PARTICIPATION

- Provision of large enough material resources and bigger loans
- Enabling clients towards independence and exit from the program
- Installing participatory mechanism which allow for greater voice of the clients
- Promoting women's genuine engagement in decision-making in terms of policy formulation and program development

WRB-WISEACT Partnership

MDG 8: Developing partnership for development: Private Sector and NGO

- WRB-WISEACT partnership through the years has taken shape in the form of women leadership and gender education, training on entrepreneurship, mentoring individual clients, and health and medical services.
- While the Bank's financial products and services were further developed, the partnership with WISEACT (providing non-financial services) was also strengthened to jointly meet the mission of serving the clients, especially, the enterprising women.

LESSONS

- **collaboration with other service providers** for:
 - enterprise and business development services
 - capacitating women in leadership
 - gender sensitization and awareness building
 - reproductive and other health services
- Micro-finance must not be separated from other interventions. From our experience it is both more cost-efficient and developmentally effective to integrate some non-financial services with micro-finance delivery.

LESSONS con't

- Organizational gender and empowerment mainstreaming:
 - vision, mission and programme promotion to include an explicit focus on empowerment and gender equity.
 - integrating gender policy within existing practices and contexts
 - gender and empowerment awareness for men and women staff to include an empowerment perspective throughout the programme interactions with programme participants including the whole process of micro-finance delivery, all routine training and advice for both women and men and complementary services and all group activities.
 - integration of empowerment indicators into existing programme Management Information Systems
 - participatory consultative process is needed.
 - Budget must be allocated.

• LESSONS con't

- **Products for empowerment**

- Addressing the different types of savings and loan products needed by women for different purposes:
- repayment schedules and interest rates to maximise contribution to increasing incomes
- incorporating clear strategies for women's graduation to larger loans
- loans for new activities or emergency assistance such as health, education, housing; provision of micro-insurance
- range of savings facilities which include confidential higher interest deposits with more restricted access to enable them to build assets protected from demands of other family members
- mechanisms to enable women to **graduate from small to larger loans** provided they have a good credit record (negosyante ng bayan)
- innovation in product design to respond to women's needs

LESSONS con't

- **Non-financial Services for Empowerment**

- integration of gender awareness into all training programmes and design of all complementary services
- gender specific services for women, for example, training/mutual learning for women to increase organizational as well as business skills, legal aid support.
- services and awareness building for both women and men that would reduce the burden of unpaid domestic work, including health, nutrition, childcare
- Entrepreneurship development and marketing assistance
- organizing and community development strategies to be able to access wider networks and sources of support,

LESSONS con't

- Participatory mechanisms should be institutionalized for women's voices to be heard
- Promoting an enabling environment through base building/organizing for women's economic, social and political activities for advocacy and lobbying activities of microfinance programmes and other issues and concerns

