



Microsavings and economic development:  
**women on the path to equality**



# TABLE OF CONTENTS

• Executive summary	3
• CARE and women's empowerment	4
• Unequal female economic and labour market participation	5
• The community savings approach: the VSLA system	6
• VSLAs: a catalyst for the emancipation of women	8
• Towards sustainable economic empowerment	11
• Financial inclusion and female participation in the labour market	14
• Recommendations	15

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# EXECUTIVE SUMMARY

Gender inequality is one of the underlying causes of poverty. No country has yet achieved full gender equality. While women continue to be under-represented in decision-making bodies and remain victims of violence and discrimination, they also encounter many obstacles in their personal and working lives. Gender equality is nonetheless a basic human right. Women are also key stakeholders in the development process, and enhancing their empowerment is critical to achieving fair, sustainable and inclusive development.

For 26 years, the work of CARE has focused on the economic empowerment of women through the promotion of village savings and loan associations (VSLA). These associations enable women to pool savings and raise sufficient resources to build livelihoods or to fund their personal and household needs. By providing women with access to financial services such as savings and credit, village associations represent a first step towards economic empowerment and gaining a more sustainable foothold in the workforce. Building income-generating activities offers the most vulnerable women a way to emerge gradually from poverty, as well as strengthen their resilience when faced with major crises.

Economic empowerment is therefore a key contributing factor to the emancipation of women. Through financial independence, women gain more power to make decisions that affect their future. Village savings and loan associations (VSLAs) also offer training and assistance in order to improve knowledge and the ability to exercise rights, as well as build self-confidence. As a means towards gaining full emancipation, VSLAs help to ensure that women have equal access to decision-making authorities over issues of economic - as well as social and political - importance.

However, achieving sustainable empowerment for women calls for an inclusive approach, in particular by involving men and boys in the process. By raising awareness among men of the importance of gender equality and respecting women's rights, they too can contribute positively to change. In order to effect sustainable change in social norms and attitudes, it is essential that the whole community is involved in the process of the emancipation of women. To achieve sustainable emancipation, CARE includes men in its economic empowerment programmes for women, and ensures that VSLAs act as a springboard for women as they seek to become key actors in economic, political and social development.



# CARE AND WOMEN'S EMPOWERMENT

In all of its activities, CARE adopts a human rights-based approach that seeks to promote gender equality, contribute to greater empowerment of women and girls, as well as highlight their vital contribution to development. Without gender equality, there can be no sustainable development for all. As part of its mission to fight against poverty and for social justice, the work of CARE aims to meet the various needs of impacted communities while enabling women and girls not only to exercise their rights, but also to challenge the systems and structures that perpetuate gender inequality.

Through its development projects and advocacy work, CARE undertakes to enhance the empowerment of women by addressing a number of aspects by:

- **strengthening women's capacity to act:** CARE offers women the opportunity to build their knowledge, skills and self-confidence, as well as make resources more easily accessible.
- **promoting equality in power relations:** CARE helps women understand their rights and encourages them to be more involved in decision making within their families and communities.
- **changing social structures and norms:** CARE supports the adoption and implementation of laws and practices that empower women to exercise their rights independently.



To achieve gender equality and sustainable development, a combination of these three aspects of empowerment is required for outcomes to be sustainable.

For CARE, a commitment to gender equality means ensuring that women, as well as men, are consulted and that their specific needs and strategic interests are considered throughout the project cycle to ensure that a project can have a transformative impact on gender inequality. Gender equality requires rethinking roles attributed to women and men, amending laws that perpetuate inequality, and promoting fair relations between men and women.



# UNEQUAL FEMALE ECONOMIC AND LABOUR MARKET PARTICIPATION

The inequitable distribution of power, resources and responsibilities in favour of men causes women to be partially or fully excluded from political, economic and social spheres in society. Globally, women perform 66% of all work, produce 50% of all food output and yet only receive 10% of income<sup>1</sup>.

## Unequal access to economic resources

In many parts of the world, women are over-represented in the informal economy and in insecure employment. Women are more likely than men to hold an insecure job in North Africa (55% compared with 32%), in the Middle East (42% compared with 27%) and in Sub-Saharan Africa (almost 85% compared with 70%)<sup>2</sup>. Female employment is also mainly centred around a limited number of low value-added sectors such as family work, farm labour, manufacturing and retail. Women in both South Asia and Sub-Saharan Africa account for more than 60% of the agricultural workforce, while less than 20% of women worldwide have access to property<sup>3</sup>. Women also receive lower pay than men. For every one euro earned on average by a man, a woman earns just 80 cents<sup>4</sup>.

Such inequality stems from social norms and prejudices still present within societies. These norms restrict the ability of women to gain employment and access resources, as well as limiting their opportunities for economic empowerment.

## Barriers to financial services

Women face more restrictions in accessing formal savings and credit facilities, which limits their ability to make a living. Some 40% of the world's female population lack access to formal financial services. A woman is 20% less likely than a man to hold a bank account, and 17% less likely to take up a formal loan<sup>5</sup>.

However, encouraging female labour market participation and promoting fairer access to power and resources is not only necessary to ensure that women's rights are respected, but is also beneficial to women and the wider community. Economic empowerment offers women more opportunities to exercise their rights and take on more responsibilities in both private and public life, and by doing so become more engaged with politics and civil society. Empowering women economically is integral to improving their livelihoods as well as those of their families and wider communities.

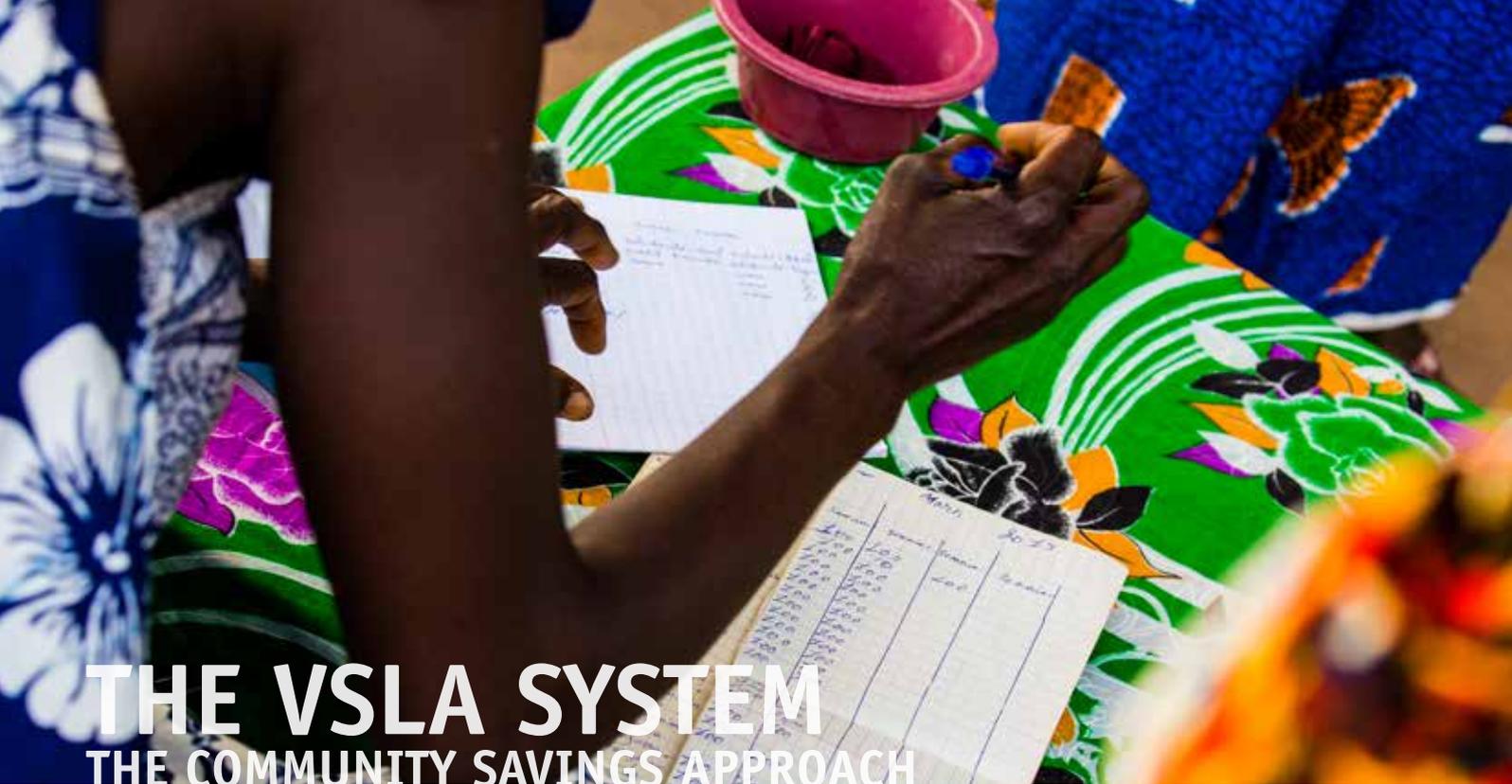
1 AFD, 2014, Idées reçues et enjeux sur le genre, *Question de développement*. Available here <http://www.afd.fr/webdav/shared/PUBLICATIONS/RECHERCHE/Scientifiques/Question-developpement/09-question-developpement.pdf>

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# THE VSLA SYSTEM

## THE COMMUNITY SAVINGS APPROACH

To reach those excluded from formal and informal financial services, CARE has developed a highly decentralised community savings-based system, inspired by traditional tontines. Launched by CARE Niger in 1991, the concept of village savings and loan associations (VSLAs) focuses on improving the capacity of the poorest communities to engage in micro-saving. VSLAs enable women to generate a savings pool and to have the necessary resources to build and sustain income-generating activities, or to invest in the health and education of their families. Alongside this, women are able to build their self-esteem, become familiar with their rights and actively participate in decision making. With its demonstrable impact on community life through the testimonies of female participants, numerous organisations have since adopted the concept. In 2014, over 8.6 million people worldwide belonged to a VSLA, of whom 3.7 million were members of an association founded by CARE.

### How VSLAs operate

Most VSLAs are founded by small local communities. Members normally already know each other before the start of a project, which helps to foster mutual trust and solidarity, as well as encourage individual responsibility on the part of members within each association. Each VSLA normally consists of between 15 and 25 members and includes a management committee, made up of chairperson, treasurer and three keyholders, who are responsible for cash management and ensuring that the organisation operates effectively. VSLA members meet once a week and contribute to a savings pool. More often than not, this involves minimal sums of money; women typically contribute around €0.07, with amounts saved going on to reach €3.50. Although the amounts saved are small, VSLAs can still amass significant savings. In Rwanda, the 144,000 VSLA members, of whom 78% are women, have together saved over US\$2.2 million in three years.

### Core principles of VSLAs

- **Saving:** A VSLA is made up of between 15 and 25 members who meet once a week to deposit sums of money saved, which are placed in a locked safe deposit box.
- **Borrowing:** Deposits collected enable members to borrow small amounts to finance a purchase or investment, or to start income-generating activities, for example. This facility also serves as insurance during difficult periods. In order to engage personal responsibility at all times, members must have saved 10% of the amount that they wish to borrow prior to taking out the loan.

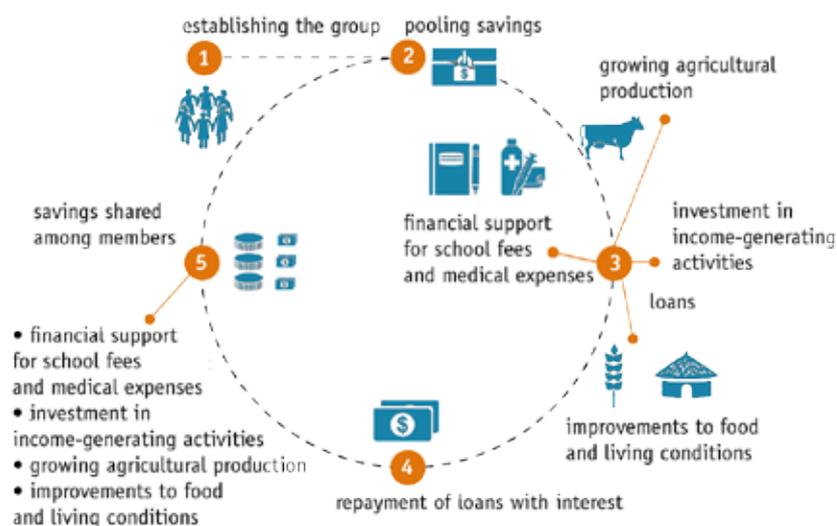
- 200,000 VSLAs in 35 countries
- Women account for 70% of all VSLA members
- Associations conduct over 350 million financial transactions each year and generate millions of dollars in annual savings
- Repayment rate of 99%

- **Sharing:** At the end of the agreed period, the accumulated savings deposits and the interest accrued on loans are divided up among the members, in proportion to the amount saved by each member.
- **Solidarity:** A portion of savings is held back for unforeseen events such as family/community crises or natural disasters.

## ADVANTAGES OF VSLAs

- ➔ **Ease of implementation**, which requires no infrastructural investment and involves no additional cost to the community beyond weekly savings. This allows communities to take full ownership of the system. Amounts to be saved and repaid are therefore determined by the community, based on its propensity to save.
- ➔ **Transparency of the system** is another advantage of these associations, due to their democratic and participative system of governance and the transparency of their processes. All transactions take place during meetings, with all members present. A lockable safe deposit box is used to prevent any unauthorised cash transfer.
- ➔ **Sustainability and autonomy** of VSLAs are also key to their success. Members run the association and manage their savings themselves. CARE does not provide any cash injection to VSLAs. This autonomy helps ensure that the project is sustainable; 90% of organisations remain in existence after CARE's involvement has ended. Around the time of its departure from Zanzibar (Tanzania) in 2005, CARE had founded 46 VSLAs. By 2010, there were 250. The rapid spread of the VSLA concept has helped generate a more significant multiplier effect within its respective regions and enabled a greater number of women to achieve financial independence.
- ➔ **Job creation:** CARE assists VSLAs in training village officers and facilitators to supervise VSLA members and explain how the system operates. After one year, officers become independent and are paid by the organisations that they help to set up, which ensures the continuity of the project.
- ➔ **Training programmes:** CARE teams also provide guidance to associations through sensitization workshops on gender and also legal and technical training sessions, which help to build women's knowledge and capacity to act.

## How VSLAs operate



## Micheline, VSLA chairwoman Haïti, Port-au-Prince

«Through our village savings association, CARE has enabled us to develop a skill without having to 'bother' the banks or the State. I understood that by working together in mutual trust, we could make progress. It's really brought a smile back to our faces. Our earnings are probably two or three times greater than our initial investment. I have borrowed twice, to buy fabric and to start a dressmaking business. What I would say to women across the world is believe in yourself, because women are the engine of society and they can do so many things, if the will is there.»



# VSLAs: A CATALYST FOR THE EMANCIPATION OF WOMEN

## The economic impact of VSLAs

The primary objective of village savings and credit associations is to enhance economic empowerment for the most vulnerable sections of the population. The immediate benefits of VSLAs are therefore economic:

- **Saving offers communities in the VSLA system the chance to build up assets and develop income-generating activities:** these often take the form of small shops, food processing businesses, and handicraft workshops, among others. Small businesses account for 45% of all employment in developing countries, and their growth is vital to job creation and prosperity. Women are often already engaged in small-scale activities, but access to savings and credit allows them to further develop these activities and secure a return on their investment over the long term. With the savings generated, women can have the means to acquire productive assets normally owned by men, such as land or livestock. As well as financing long term investments, VSLAs can in the first instance help to meet the personal and household needs of women by ensuring an income sufficient to provide enough food, as well as education for children. Beyond this, the aim of VSLAs is to ensure a self-sustaining cash flow through investment in income-generating activities.
- **Protection against crises and contingencies.** One of the most common characteristics of poverty is an irregular, seasonal income. Access to savings facilities allows families to overcome difficult periods and improve their daily life all year round by avoiding indebtedness and asset decapitalisation during lean periods, in emergency contexts or when they face climate shocks. Microfinance raised by the community in the form of savings can therefore play an important role in fighting poverty, by reducing vulnerability to unforeseen everyday events. This is also true in the case of major crises such as natural disasters or conflict. VSLAs build the capacity of communities to absorb sudden difficulties that they face, proving to be important mechanisms to help withstand difficult periods.

## The political and social impact of VSLAs

Enhancing female economic empowerment can also act as a catalyst for broader social and political emancipation of women. By gaining access to productive sectors, women emerge from the private household environment and take up more visible roles in their community. CARE assists female members of VSLAs by organising literacy training and discussion groups in order to build self-esteem, become familiar with and assert their rights.

A 2012 study carried out by CARE and a number of other organisations across 11 countries showed that:

- **39,7%** of women interviewed who were VSLA members reported having influenced decisions made by their husband (compared with 29.8% in 2009)
- **28%** reported having a strong influence within their community (compared with 22% in 2009)
- **70%** reported having more control over their financial resources (compared with 65.5% in 2009)
- Domestic violence also fell over the same period, from **22.3% to 17.9%**.

## CAMEROON: VSLAs, PILLARS OF RESILIENCE

Cameroon is particularly vulnerable to climatic hazards due to persistent droughts and flooding, which impact negatively on the daily life of communities. CARE France and CARE Cameroon set up a joint project with the aim of strengthening the economic and adaptive capacity of women and their communities to respond more effectively to climatic uncertainty and food insecurity.

Communities in Cameroon receive assistance in preparing for upcoming crisis periods, as well as their potential consequences. For this reason, CARE has introduced early warning systems in communities to oversee and collect information on potential risks in order to trigger a series of coordinated actions.

In Cameroon, community volunteers are equipped with bicycles and mobile telephones to monitor the area and to raise the alarm when climatic hazards are detected. In parallel, CARE has set up VSLAs, which offer financial support to its members, in particular women, thus enabling them to better withstand crisis periods.

Thanks to the CARE project in Cameroon, women can now anticipate weather changes for their daily economic and agricultural activities to withstand future crises more effectively. Some VSLA members have reported that their initial capital has grown by more than 50%, in turn raising their purchasing power.

In particular, VSLAs contribute to:

- **Social cohesion**

Most VSLAs have a social fund in place to help cover expenses arising from minor emergencies. A solidarity fund provides small donations to members facing hardship. If all members are in agreement, the savings fund may finance joint investments such as livestock or the creation of cereal banks. By establishing this type of safety net, communities are better prepared to face crises.

- **Personal development**

VSLAs also provide an opportunity to build self-confidence and in certain cases raise awareness on issues such as genital mutilation, inheritance and early marriage. Projects developed by VSLAs, along with the contribution of the membership to the day-to-day running of their groups, are also important in building the self-confidence of members.

- **Access to decision-making forums and authorities**

Economic emancipation and involvement in household spending encourage women to assert themselves within the family and play an active role in decision making. Evidence of progress can also be seen at the local and national level. VSLA members are more likely to play a role within decision-making bodies in their communities. They also develop the courage to make their voices heard. A study of 60 villages in Niger showed that in 2004, 45 of the 260 municipal councillor positions were occupied by women; this number consisted of VSLA members who had started their own income-generating activities. By 2011, the number had risen to 140.

## MOROCCO: LITERACY - A KEY FACTOR IN EMPOWERMENT

In Morocco, a VSLA project was established whose aims included promoting social empowerment among women and enabling them to participate more fully in economic life. As part of the project, a literacy programme was introduced for 200 women. The benefits of these sessions were quickly reflected by a marked change in participants' behaviour: spending decisions are better anticipated and included in the global budget for the household. Women who participated in the literacy programme can now distinguish between capital and profit, to take another example. This programme demonstrated how literacy is instrumental to the financial inclusion of vulnerable women, in strengthening their ability to grow a successful income-generating activity.

Due to social norms and domestic laws, women in a wide range of countries continue to face more restrictions than men in accessing land, limiting not only their rights and financial independence, but also their prospects of emancipation. Women who purchase or inherit land in regions with limited natural resources are often met with a hostile reaction. VSLA can be a vehicle for disseminating information on property rights for women. Alongside the participation of women to VSLA, complementary training sessions addressing land access as well as legal assistance are provided for women who face property disputes. These trainings enable women to exercise their rights and to demand equal access to property.

In Benin and Togo, the introduction of VSLAs has helped to change perceptions of women in terms of their ability to support themselves independently and meet their personal and household needs. Paguidame Nagour, who also chairs a VSLA, was able to rent a plot of land and purchase sacks of fertilizer by taking out a loan through her VSLA.

Women engaged with VSLAs have gained economic power and elevated their status within their households, as well as their communities. Almost 73% of the women who joined a VSLA as part of the Atchè Mi Ton project in Benin and Togo are now involved in local community decision making.

### A woman VSLA member in Adankpé, Benin

*«I was involved in a land dispute with my brother following the death of my father in 2011. In line with tradition, my brothers planned to divide the inheritance among themselves without considering me because I am a woman. Faced with this refusal, I approached a legal expert who works with VSLAs. She met my brother on several occasions and managed to convince him that he must consider women when dividing the inheritance. The Atchè Mi Ton initiative helped me to secure property rights with up-to-date documents. I am very happy to now be a land owner like my brothers.»*

## BENIN & TOGO: ECONOMIC EMPOWERMENT THROUGH LAND ACCESS

Economic independence is an integral element in the empowerment of women. For this reason, CARE founded the Atchè Mi Ton (local language for “land access is our right”) project, to enable women in Benin and Togo to access land ownership. In these countries, a lack of awareness of legal statutes, a high female illiteracy rate in rural areas and barriers based on tradition all serve as an impediment to women accessing land. For five years, CARE has led efforts to strengthen local systems of promotion and protection of women’s property rights in Benin and Togo. VSLAs are the ideal forum to help provide training and raise awareness of rights among women who attend meetings. By linking VSLAs to complementary training programmes, VSLAs become a springboard to enhancing women’s rights as well as empowerment in other areas. Madelaine Eke, who chairs a local VSLA, was made aware of her rights and managed to recover land through inheritance that her brothers might otherwise have sold. Today, VSLA members in Benin and Togo can avail of mutual assistance in the event of family disputes in order to recover plots of land.



# TOWARDS SUSTAINABLE ECONOMIC EMPOWERMENT

## Upscaling

When a VSLA group is set up and its savings begin to yield positive outcomes, it is vital to ensure that membership of the association has a tangible impact on communities, enhancing economic empowerment and offering a way out of poverty. One key challenge is assisting VSLA members to use their savings to make the transition from saving to finance consumption - enabling day-to-day and emergency needs to be met - to saving to finance production. Saving to finance production will enable investment in a business and help generate sustainable income streams.

One way of ensuring that a member's investment can have a tangible economic impact is by developing a shared - as opposed to a personal - income-generating activity, which can draw on the savings and skills of each VSLA member, thereby helping to build a more stable and productive business. To reinforce the upscaling process and the positive spillover effects for communities, VSLA federations have also been established, where VSLAs within the same region come together to start collectively-owned businesses. Establishing joint businesses and VSLA federations allows women to achieve greater financial independence and to participate in the labour market, becoming important economic actors in the process.

## HAITI: THE CREATION OF A VSLA FEDERATION AND A JOINT ENTERPRISE

In Haiti, 88% of the rural population live below the poverty line, as opposed to 45% in urban areas. In rural Haiti, 43.7% of households are headed by women. CARE runs the PACI project, which operates in the Ouest and Artibonite departments in the country. The aim of this project is to improve access to basic financial services for 8,000 members across 261 VSLAs, of which 70% are women, and consequently to reduce the vulnerability of households in Haiti to various shocks such as natural disasters, crop losses or loss of property.

A village savings and loan association federation (or VSLAF) bringing together 70 VSLAs (of a total of 261) was established as part of the project. The VSLAF was instigated by project teams, who raised awareness and helped VSLA groups to join forces and invest in collective enterprises in order to encourage a social and cooperative approach to economic activity. The federation was provided with technical and financial assistance in starting a local rice trading business, the first of its kind in the region. Forming a VSLA federation made it possible to build a business that is larger, more financially stable and which offers members a way to gradually emerge from poverty. Each year, VSLAs that invest receive 70% of the profits, with the remaining 30% added to the capital of the business. The federation has also facilitated social cohesion.

Depending on the context, there may be limits to how far VSLAs can be implemented, as well as to the positive impact that it can have on communities:

- The VSLA model is more suited to rural areas, as it often relies on small communities whose members have already forged close relationships. The stronger the existing social interconnection, the quicker trust can be built between members and the easier it will be for members to access savings and loans. In an urban environment, it is sometimes more difficult to establish a VSLA without such underlying social interconnections.
- The aim of VSLAs is to assist the most vulnerable sections of the population who have no access to traditional financial facilities or microcredit institutions. Even if an association can operate with a low level of savings, it needs to recognise that a community's propensity to save is constrained by the degree of poverty that it faces. If members are unable to participate in joint savings facilities due to lack of resources, they will not be able to access the savings pool. This constraint serves to disproportionately affect the most vulnerable communities.
- Within VSLAs, the positions of chairperson, treasurer or secretary are often held by men when new male members join the groups. It is critical to closely monitor this and work towards achieving equality between men and women in all positions.
- By promoting the empowerment of women and offering them possibilities outside the private household environment, VSLAs can cause drastic changes to the existing social order. In some cases, men may feel threatened by the economic contribution that women make to household spending, which can upset the balance of power within a family and could lead to an increase in domestic violence..

### Ensure that men and boys participate in the process of empowerment for women and girls

From the outset, VSLAs have focused solely on women and have worked to enhance their financial independence and help them to move out of poverty. However, the participation of women in VSLAs often elicits three types of reaction among communities and in particular men:

- The increase in responsibility and independence of women resulting from their participation in a VSLA may in some cases lead to instances of physical or verbal domestic abuse;
- Some men disengage completely from household spending when the woman starts to earn an income, leaving her in charge of all day-to-day spending, thereby nullifying their sense of economic empowerment;
- Other men seize money that women earn from their income-generating activity and leave them with no freedom to choose how money is spent or any economic decision-making power.

#### El Houari HAKIMI, imam in Dâar Al-Ghazlane, Morocco

*«The VSLA strengthens community ties and allows women to resolve problems themselves and be flexible in addressing unforeseen issues that arise (e.g. emergencies, illnesses, deaths etc.). My wife's behaviour has changed, she has more responsibility in the home and is more independent. She has begun to discuss issues with me, such as our children's future, our relationship, our daily routine, managing the household; this has affected my own behaviour and my relationship with her. I always encourage her to attend VSLA meetings and events. To do this, she sometimes spends three days away from the home and at those times I look after the children.»*

To prevent these types of events from occurring and ensure that VSLAs have a positive and sustainable impact for women and the wider community, men and boys must be involved in, and made aware of the importance of, empowerment for women. Often, a woman's participation in a VSLA or in creating an income-generating activity depends on the approval of the husband.

It is therefore necessary to raise awareness early among men in order to secure their acceptance of female participation in VSLAs both during and after the project, so that they can respect and encourage greater financial independence for women. Training sessions on gender relations, female-male equality and the importance of empowerment for women are also open to the wider community.

Rethinking norms and social roles that have existed for generations means working closely with men and boys from a young age to deconstruct gender-based stereotypes. As well as training sessions, many VSLAs also feature mixed-composition gender committees within their respective communities that seek to ensure that female-male equality is respected and to encourage men and women to work together and discuss issues more openly.

Working with men involves three steps:

- Promoting awareness of discrimination against women through forums for reflection on masculinity, gender and power;
- Initiating dialogue within couples and families to encourage more open communication and non-violent relationships based on equality;
- Rethinking social norms through regular communication between men (with the involvement of male activists who share their own personal stories of positive change with other men and with the community).

In Côte d'Ivoire, CARE has developed the «male champions» model within VSLAs, as a distinction for men who respect gender equality and promote female empowerment. CARE Côte d'Ivoire assists around 50 men who are engaged in mass awareness and door-to-door campaigns in their communities. Their message has reached 2,800 men and looks at the importance of involving women in household and resource management and the role that men can play in preventing domestic violence, involving their partner in decision making or in the education of girls. As a result of these initiatives, domestic violence has fallen by 25%.

**Mohammed AZALT, vice-president of the Ain-El-Lanjer commune, Morocco**

*«I was surprised to learn that men were allowing their wives to be away from the home for three days to attend a fair that they had organised. The awareness raised by CARE among men on women's contribution to development and women's rights has underpinned this change, which has started to have a positive impact on our society.»*

## MOROCCO: MEN AS CHAMPIONS FOR EQUALITY

For sociocultural reasons, women in Morocco have few economic opportunities and work is generally confined to the informal sector, with no access to social protection. In addition, those living in rural areas are often mistrustful of the banking system, access to which may involve regular return journeys to larger towns or cities. The «VSLA Morocco» project implemented a strategy for male participation in promoting gender equality and positive masculinity to create a favourable environment for greater participation of women in community life.

Male involvement is an important and motivating factor that helps local communities to take ownership of the project. A number of initiatives have been established to achieve greater male participation in support of women, including the founding of a male activist committee. The committee's role is to encourage men in the community to play an active role in the economic empowerment of women. Committee members are fully informed on issues around gender equality and combating gender-based stereotypes. Committees also hold awareness sessions to promote the adoption of the VSLA system, promote male involvement in activities alongside women and highlight a range of issues such as sexual, sexist and gender-based violence, as well as the importance of establishing income-generating activities. The aim of the sessions is to promote the role of women in wealth creation, in order to achieve greater recognition of non-monetary activities performed by women and the sharing of household tasks between a man and a woman.



# FINANCIAL INCLUSION AND FEMALE PARTICIPATION IN THE LABOUR MARKET

Some 2.5 billion people across the world lack access to formal banking or microfinance services, and women are most susceptible to exclusion<sup>1</sup>. In some countries, access to facilities such as bank accounts often requires the husband's permission, or property deeds that women rarely possess.

As a first step for women to accessing savings and loans, VSLAs can also facilitate access to more formal financial services for groups with a high propensity to save and who wish to approach the banks. An existing relationship with the traditional financial system helps to collateralise savings and makes it possible borrow larger amounts. CARE acts as mediator between communities, women and financial institutions. Women are often deeply distrustful of banks, which tend not to view them as serious potential customers given their lack of access to property ownership and their limited capacity to save large amounts of money. CARE's role also includes negotiating with banks to secure more favourable administration fees, loan interest rates and repayment terms that are more suitable for VSLA associations while ensuring that VSLAs' operating rules are followed upon and communities are respected.

Between 20-30% of VSLAs wished to eventually secure access to the services of microfinance institutions or local banks. As VSLAs began to grow, so did the needs of its members, in particular to have a secure deposit facility for cash surpluses, to access larger volumes of capital and to access more sophisticated financial products and services. Since 2008, CARE has used mobile technology to connect formal sectors of the economy with VSLA members, to ease and secure cash transfers. This also made it possible to reach outlying rural areas.

Access to formal, affordable, high-quality financial services is one way to expand their economic horizons and financial empowerment. Therefore, access to financial inclusion has tended to larger groups, representing a new market for financial institutions. It has not been possible for the most vulnerable groups with a low propensity to save.

## HAITI: MOVING TOWARDS FINANCIAL INCLUSION

As part of a project aimed at improving living conditions for communities, CARE's work has focused on connecting VSLA groups with formal financial services. CARE signed a partnership agreement with a Haitian microfinance institution to facilitate access to credit by VSLA groups. 41 VSLA groups participating to the project and that already had access to loans were able to expand their portfolio. The relationship between the VSLAs and the local microfinance institution has allowed women to take on new economic opportunities.

<sup>1</sup> World Bank, 2014, Global Findex Database 2014, *Measuring Financial Inclusion around the World*. Available here <http://documents.worldbank.org/curated/en/187761468179367706/pdf/WPS7255.pdf#page=3>



# RECOMMENDATIONS

## Recommendations for governments

- **Create an environment conducive to respecting women's rights.** Governments are in a position to recognise women's rights in terms of legislation at the national level. Local authorities must ensure implementation of the Sustainable Development Goal in relation to gender equality (SGD 5).
- **Ensure greater involvement of men and boys** in all policies and initiatives on women's rights with a view to changing social norms around gender.
- **Encourage the development of tailored financial and banking services to meet the needs of the most vulnerable,** in particular by removing certain regulatory barriers and by making financial services available to all. Removing these rules must not jeopardize legal and financial frameworks which ensure the respect of local populations' rights and protect them from the risk of indebtedness.
- **Encourage women's access to formal employment,** in particular through increased funding for integration programmes that promote women's emancipation and financial independence.
- **Ensure greater consideration of gender in public development assistance projects:** in 2015, only 17% of French development assistance projects incorporated the issue of gender, according to the French High Council for Female-Male Equality (HCE). Gender should be mainstreamed within all development projects, but more investment is also required for projects aimed at supporting women's rights.

## Recommendations for implementation of VSLAs

*VSLA are a tool for women's empowerment but it is by no means an end in itself. The method has limitations and needs to be analyzed in the national context before implementation.*

- **Encourage the establishment of VSLA federations,** where appropriate, to achieve scale and maximise the impact of VSLAs.
- **Assist VSLA implementation by raising awareness** about the VSLA approach and encouraging its adoption in national strategy programmes or any other proper legal framework.
- **Work with community leaders and local authorities** to oversee correct application of national legislation and promotion of social norms that can benefit women.
- **Work with men and boys** to achieve empowerment for women in order to effect lasting changes to social norms.



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## ABOUT CARE

Established in 1945, CARE is one of the world's largest international NGO networks. CARE is a non-political and non-religious organisation, with a presence in 94 countries.

In 2016, CARE's programmes helped 80 million people across Africa, Asia, Latin America, Eastern Europe, the Middle East and Oceania.

CARE tackles the underlying causes of poverty through an integrated approach involving working with local communities on a range of issues, such as access to health care, education, economic development and food security among others.

In emergency response situations and in relation to development, CARE is an advocate for the central role of women and girls as stakeholders in the development process.

In all of its projects, CARE seeks to promote human rights, gender equality, social, economic and environmental justice, and good governance.

### CARE France

- One of **14** members of the CARE International network
- Founded in **1983**
- Active in **32** countries
- **96** development projects
- **879 049** people directly supported